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CONFIDENTIAL PURSUANT TO PROTECTIVE ORDER

1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK
3

4 SECURITIES AND EXCHANGE)
COMMISSION,)
5)
Plaintiff,)
6) 19 Civ. 9439 (PKC)
- against -)
7)
TELEGRAM GROUP INC. and)
8 TON ISSUER INC.,)
9 Defendants.)
_____)
10

11 **CONFIDENTIAL PURSUANT TO PROTECTIVE ORDER**
12

13 Videotaped deposition of PAVEL DUROV (as
14 30(b)(6) corporate representative of Defendants and
15 also in his personal capacity), Volume 1, taken on
16 behalf of Plaintiff at Hadeef & Partners, LLC, Emaar
17 Square, Building 3, Level 5, Downtown Dubai, Dubai,
18 United Arab Emirates, beginning at 11:21 a.m. and
19 ending at 9:54 p.m., on Tuesday, January 7, 2020,
20 before LEAH WILLERSDORF, Member of the British
21 Institute of Verbatim Reporters, Accredited Verbatim
22 Reporter, Qualified Realtime Reporter - Level 2,
23 International Participating Member NCRA.
24

25 JOB No. 200107LWI

CONFIDENTIAL PURSUANT TO PROTECTIVE ORDER

1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK
3
4 SECURITIES AND EXCHANGE)
5 COMMISSION,)
6)
7 Plaintiff,)
8) 19 Civ. 9439 (PKC)
9 - against -)
10)
11 TELEGRAM GROUP INC. and)
12 TON ISSUER INC.,)
13)
14 Defendants.)
15)
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CONFIDENTIAL PURSUANT TO PROTECTIVE ORDER

Videotaped deposition of PAVEL DUROV (as 30(b)(6) corporate representative of Defendants and also in his personal capacity), Volume 2, taken on behalf of Plaintiff at Hadeef & Partners, LLC, Emaar Square, Building 3, Level 5, Downtown Dubai, Dubai, United Arab Emirates, beginning at 10:23 a.m. and ending at 6:09 p.m., on Wednesday, January 8, 2020, before LEAH WILLERSDORF, Member of the British Institute of Verbatim Reporters, Accredited Verbatim Reporter, Qualified Realtime Reporter - Level 2, International Participating Member NCRA.

JOB No. 200108LWI

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11:52:40 1 platform.

11:52:40 2 BY MR. TENREIRO:

11:52:41 3 Q. A blogging platform?

11:52:44 4 A. Yes.

11:52:44 5 Q. And you're saying that is a part of
11:52:46 6 Messenger but could also be used independently of
11:52:49 7 Messenger; did I understand that correctly?

11:52:51 8 A. Correct. You don't have to be a user of
11:52:53 9 Telegram Messenger to use Telegraph.

11:52:55 10 Q. Okay. Other than Telegram Messenger and
11:52:56 11 Telegraph, in 2017 was Telegram Group Inc. offering
11:53:02 12 any other platforms or applications?

11:53:25 13 A. I'm not sure. It could have but I'm not
11:53:27 14 sure.

11:53:27 15 Q. Okay. And how many employees in 2017 did
11:53:39 16 Telegram Group Inc. have?

11:53:54 17 A. We had about 25 to 30 employees in the
11:54:01 18 core team. In addition, we used the services of
11:54:05 19 hundreds of independent contractors.

11:54:10 20 Q. And today, how many employees does
11:54:13 21 Telegram Group have?

11:54:17 22 A. I don't think those numbers changed
11:54:20 23 meaningfully.

11:54:20 24 Q. Okay. And the core -- I think what you
11:54:23 25 described as the core team of approximately 25, what

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11:54:27 1 do they do, generally speaking?

11:54:34 2 A. They write programming code.

11:54:37 3 Q. I'm sorry, they?

11:54:39 4 A. They write code.

11:54:40 5 Q. Programming code, okay.

11:54:41 6 Is this for Telegram Messenger and

11:54:43 7 Telegraph? Let's start with 2017. Is that the

11:54:47 8 programming code they were writing for -- I'm sorry,

11:54:49 9 that they were writing?

11:54:50 10 MR. DRYLEWSKI: Objection to form.

11:55:04 11 THE WITNESS: It depends on which part of

11:55:06 12 2017 we are talking about.

11:55:07 13 BY MR. TENREIRO:

11:55:07 14 Q. So let's talk about before the development

11:55:10 15 of the TON Blockchain.

11:55:13 16 A. Okay.

11:55:13 17 Q. Or the beginning of the development of the

11:55:15 18 TON Blockchain.

11:55:18 19 A. Yeah, I believe their efforts were mostly

11:55:20 20 focused on features, implementing features related

11:55:28 21 to Telegram Messenger, although we did have certain

11:55:37 22 experiments from time to time that not necessarily had

11:55:40 23 to do with Telegram Messenger directly.

11:55:43 24 Q. Okay. And today, this core team, what

11:55:47 25 applications or programs are they programming code

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11:55:52 1 for?

11:55:52 2 MR. DRYLEWSKI: Objection to form.

11:55:55 3 BY MR. TENREIRO:

11:55:56 4 Q. If any, I guess.

11:56:03 5 A. Those are the same applications, with the
11:56:06 6 addition of the work on the TON Blockchain.

11:56:10 7 Q. Okay. Let me just get some background
11:56:13 8 information on TON Issuer Inc. Again, what is
11:56:16 9 TON Issuer Inc.?

11:56:20 10 MR. DRYLEWSKI: And to the extent it's not
11:56:22 11 clear, I'm objecting to this line of questioning as
11:56:24 12 beyond the scope of the 30(b)(6) topics agreed and
11:56:27 13 narrowed by the parties.

11:56:28 14 MR. TENREIRO: Understood.

11:56:52 15 THE WITNESS: TON Issuer Inc. is a legal
11:56:57 16 entity created for the purpose of conducting the
11:57:17 17 private placement and issuing Grams at the time of
11:57:22 18 launch of the TON Blockchain.

11:57:26 19 BY MR. TENREIRO:

11:57:27 20 Q. And who owns TON Issuer Inc.? Is it
11:57:31 21 100 percent owned by Telegram Group Inc.?

11:57:33 22 A. It is.

11:57:38 23 Q. Does it have any employees separate than
11:57:41 24 the 25 or so core employees that Telegram Group Inc.
11:57:44 25 has, plus the contractors, or are they the same ones?

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11:58:04 1 A. I think there are certain employees that
11:58:08 2 have dual roles and act as employees of both Telegram
11:58:17 3 Group Inc. and -- or other Telegram-related entities,
11:58:23 4 such as Telegram FZ LLC --

11:58:32 5 (Reporter clarification.)

11:58:37 6 THE WITNESS: -- and the role in
11:58:43 7 TON Issuer Inc. in a different capacity, whether there
11:58:51 8 are any employees that TON Issuer Inc. employs that
11:58:58 9 are not at the same time, that do not have any role at
11:59:01 10 other Telegram-related entities? I'm not sure. There
11:59:08 11 could be but it would be very few people, if there are
11:59:14 12 any.

11:59:14 13 BY MR. TENREIRO:

11:59:15 14 Q. Okay. And what's your title at Telegram
11:59:18 15 Group Inc.?

11:59:18 16 MR. DRYLEWSKI: This is obviously
11:59:19 17 a question in his personal capacity.

11:59:21 18 MR. TENREIRO: Yes.

11:59:23 19 THE WITNESS: I believe I'm the director
11:59:24 20 of the company.

11:59:25 21 BY MR. TENREIRO:

11:59:25 22 Q. And who's the CEO?

11:59:33 23 A. I think that in the jurisdiction where
11:59:39 24 TON Issuer Inc. is incorporated, the term "CEO" may
11:59:43 25 not be necessarily applicable --

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11:59:46 1 Q. Sorry, I don't mean to interrupt you but
11:59:48 2 I'm just talking about Telegram Group Inc.

11:59:50 3 A. Ah, you were talking about Telegram
11:59:53 4 Group Inc.

11:59:53 5 Q. Yes.

11:59:54 6 A. I act as the CEO of Telegram Group Inc.

11:59:56 7 Q. Has that changed at any time since the
11:59:59 8 existence of Telegram Group Inc.? Has there been any
12:00:01 9 other CEO?

12:00:02 10 A. No, I don't think so.

12:00:02 11 Q. Okay. Now, you -- now, TON Issuer Inc.,
12:00:06 12 who is the CEO, if any?

12:00:15 13 A. Although, to supplement my previous
12:00:16 14 answer, I think I have to point out that Telegram
12:00:22 15 Group Inc. was -- I think it has been renamed at
12:00:26 16 a certain point in time. It had a different name
12:00:30 17 a few years ago, and before it got renamed to Telegram
12:00:36 18 Group Inc. it may have had a different director, but
12:00:41 19 at that point in time it was not related to the
12:00:43 20 operations of Telegram, so it may not be relevant.

12:00:47 21 I just want to clarify that.

12:00:52 22 Would you mind repeating your last
12:00:53 23 question?

12:00:54 24 BY MR. TENREIRO:

12:00:54 25 Q. Yes. But before I do so, just the last

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12:00:56 1 thing you said, it was not related to the operations
12:00:58 2 of Telegram, you mean Telegram Messenger?

12:00:59 3 A. Yes.

12:01:00 4 Q. Right, okay. I just want to be clear
12:01:03 5 because when I say "Telegram," I'm talking about the
12:01:06 6 companies, but you seem to say "Telegram" to relate to
12:01:10 7 Messenger and that's fine, I just want to make sure
12:01:12 8 we understand what we're saying.

12:01:13 9 When you talk about Telegram, are you
12:01:15 10 talking about Messenger? Is that how you think
12:01:18 11 about it?

12:01:20 12 A. Yeah, I use it in the same way a consumer
12:01:29 13 would use this name, and they would mainly refer to
12:01:35 14 the messaging application.

12:01:36 15 Q. As "Telegram"?

12:01:38 16 A. Yes.

12:01:38 17 Q. Right, okay. So my prior question was
12:01:43 18 TON Issuer Inc., who was the CEO today and who has it
12:01:46 19 been for its existence, if any?

12:01:50 20 A. I am the director of this company.
12:01:59 21 As I started to explain, I don't believe the term
12:02:06 22 "CEO" is necessarily applicable for the legal entities
12:02:13 23 incorporated in the jurisdiction where these companies
12:02:16 24 are incorporated.

12:02:21 25 But being the sole director is basically

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12:06:31 1 of these entities owned the IP for Telegram Messenger?

12:06:34 2 MR. DRYLEWSKI: Same objection; scope.

12:06:50 3 THE WITNESS: If I had to guess, at least

12:06:51 4 some of the IP may have been held by Telegram

12:06:56 5 Messenger LLP. That's the left bottom part.

12:07:00 6 BY MR. TENREIRO:

12:07:01 7 Q. A UK entity?

12:07:03 8 A. Yes.

12:07:03 9 Q. Okay. Just describe in your own words
12:07:07 10 what is Telegram Messenger. You have talked about it
12:07:11 11 a little bit more but just give me a general
12:07:14 12 description of it.

12:07:25 13 A. It is a social media application
12:07:28 14 supporting a wide range of use cases. It allows its
12:07:33 15 users to communicate privately and in groups to do
12:07:46 16 Voice over IP voice calls, to host large communities
12:07:52 17 and publish broadcasts. It also allows users to
12:08:11 18 create apps that are called bots. It also allows
12:08:17 19 users to run polls, to share videos and voice
12:08:32 20 messages, to view contents of certain URLs and news
12:08:39 21 stories in a private way without running the risk of
12:08:45 22 being surveilled.

12:08:51 23 There are -- there's a wide range of use
12:08:56 24 cases because Telegram is a multipurpose application.
25 ///

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12:11:06 1 the world as Telegram Messenger does are the messaging
12:11:13 2 apps owned by Facebook Corporation.

12:11:17 3 Q. WhatsApp?

12:11:20 4 A. WhatsApp and other services run by
12:11:23 5 Facebook, yeah.

12:11:25 6 Q. Okay. How many subscribers does Telegram
12:11:31 7 have today, approximately?

12:11:34 8 MR. DRYLEWSKI: Objection; scope.

12:11:42 9 THE WITNESS: "Subscribers" can be
12:11:47 10 a vaguely defined term, but if we use the metric that
12:11:53 11 is typically used in our industry, which is monthly
12:12:01 12 active users, I would say that Telegram has by now
12:12:09 13 about 300 million monthly active users.

12:12:13 14 BY MR. TENREIRO:

12:12:13 15 Q. What about at the end of 2017, how many
12:12:15 16 monthly active users did Telegram have?

12:12:18 17 MR. DRYLEWSKI: Objection; scope.

12:12:29 18 THE WITNESS: It's hard to tell. Based on
12:12:31 19 my recollection, it was somewhere around 180 million
12:12:36 20 users, depending on the month.

12:12:39 21 BY MR. TENREIRO:

12:12:39 22 Q. Okay. And who hosts the servers for
12:12:44 23 Telegram Messenger?

12:12:44 24 MR. DRYLEWSKI: Objection; scope.

12:12:57 25 THE WITNESS: Would you mind clarifying

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12:13:00 1 the question?

12:13:02 2 BY MR. TENREIRO:

12:13:03 3 Q. Who has control of the servers?

12:13:05 4 MR. DRYLEWSKI: Same objection.

12:13:16 5 THE WITNESS: Our team has full control
12:13:17 6 over the servers.

12:13:19 7 BY MR. TENREIRO:

12:13:19 8 Q. Okay. And Telegram Messenger, when did it
12:13:23 9 -- when did -- who created it? Who created that app?

12:13:38 10 A. It was created by a subset of the
12:13:44 11 engineers and managers that are still working at
12:13:48 12 Telegram.

12:13:49 13 Q. Does that include you?

12:13:50 14 A. Yes.

12:13:51 15 Q. Okay. Whose idea was it?

12:13:54 16 MR. DRYLEWSKI: Objection; form.

12:13:56 17 Objection; scope.

12:14:02 18 THE WITNESS: I believe it was my idea.

12:14:03 19 BY MR. TENREIRO:

12:14:04 20 Q. Okay. And when -- more or less, when was
12:14:08 21 it created?

12:14:17 22 A. I believe we started working on this
12:14:21 23 technology in early 2012 and we launched it publicly
12:14:34 24 somewhere around August 2013.

12:14:39 25 Q. From August 2013 approximately to today,

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12:18:52 1 MR. TENREIRO: Great.

12:18:53 2 MR. DRYLEWSKI: -- that we're going to hand
12:18:54 3 to the witness and to you, if there's no objection.

12:18:57 4 MR. TENREIRO: Why don't we just hold off
12:19:00 5 for a second. I'm going to go off this topic and when
12:19:03 6 I come back, you can, if that's okay?

12:19:05 7 MR. DRYLEWSKI: Fine.

12:19:05 8 BY MR. TENREIRO:

12:19:06 9 Q. Let me just take a step back before we get
12:19:08 10 into the breakdown, Mr. Durov.

12:19:10 11 Does Telegram charge its users for either
12:19:14 12 downloading or using the app in any way?

12:19:16 13 MR. DRYLEWSKI: Objection; scope.

12:19:17 14 THE WITNESS: It does not.

12:19:19 15 BY MR. TENREIRO:

12:19:20 16 Q. Has it ever?

12:19:20 17 MR. DRYLEWSKI: Same objection.

12:19:27 18 THE WITNESS: No.

12:19:27 19 BY MR. TENREIRO:

12:19:27 20 Q. Okay.

12:19:30 21 Up until the time -- from August 2013
12:19:33 22 until the time of the offering or the raising of funds
12:19:36 23 that's at issue in this litigation, how did
12:19:39 24 Telegram -- from what sources did Telegram fund its
12:19:41 25 operations?

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12:19:41 1 MR. DRYLEWSKI: Same objection.

12:19:59 2 THE WITNESS: The source was my personal
12:20:07 3 savings that resulted from the sale of the previous
12:20:13 4 company I started and eventually sold. That was the
12:20:21 5 largest social network on the post-Soviet space, and
12:20:28 6 I managed to sell it at the right time.

12:20:32 7 BY MR. TENREIRO:

12:20:33 8 Q. I might pronounce the name wrong and,
12:20:36 9 if so, I apologize. Is this VKontakte?

12:20:39 10 A. Yes. We can refer to it as VK.

12:20:41 11 Q. You refer to it as VK, okay.

12:20:44 12 A. Yes.

12:20:44 13 Q. All right. So the proceeds from your sale
12:20:48 14 of VK is some of the funds that you used to fund the
12:20:53 15 operations of Telegram from August 2013, at least
12:20:57 16 until end of 2017; is that correct?

12:20:59 17 MR. DRYLEWSKI: Objection; scope.

12:21:21 18 THE WITNESS: Well, I definitely used
12:21:23 19 those funds to support the growth of our servers up
12:21:39 20 until 2018. I may have used some of the funds after
12:21:47 21 that, because typically I wouldn't separate my
12:22:07 22 personal savings from the needs of Telegram Messenger
12:22:10 23 in the sense of if I see that Telegram needs more
12:22:17 24 resources, I would happily invest more because
12:22:27 25 I'm a person that prefers not to own any real estate

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12:28:11 1 to understand a little bit. Because you said earlier
12:28:13 2 that it's possible you might have continued to spend
12:28:15 3 some of your own savings after the private placement
12:28:18 4 happened, so I just want to make sure I understand
12:28:20 5 exactly what the 218 million is.

12:28:22 6 A. Yeah.

12:28:23 7 Q. So the question is, is the 218 million all
12:28:26 8 of the expenditures that Telegram has had in that time
12:28:30 9 period, or is it only the amount that has been spent
12:28:34 10 from the private placement?

12:28:36 11 A. Ah, now I understand your question.
12:28:40 12 Those are all the expenditures. Those are all the
12:28:53 13 expenditures that we had.

12:28:54 14 Q. Those are all the expenditures, okay.
12:28:57 15 And is it your -- I'm sorry.

12:28:59 16 A. But I have maybe to clarify my last answer
12:29:02 17 a little bit. There may have been certain additional
12:29:10 18 expenses. For example, when I paid for the rental
12:29:27 19 costs or the travel costs for my team, I would
12:29:34 20 typically cover those from my personal accounts, but
12:29:41 21 those were related to Telegram, not to myself
12:29:43 22 personally, and in that sense there may have been
12:29:48 23 certain other expenses, but I think it would be fair
12:29:53 24 to say that the majority of expenses are stated here.

12:29:59 25 Q. Can you do better than "the majority"?

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12:30:03 1 Is it the overwhelming majority of expenses?

12:30:06 2 A. I would say it is the vast majority; it
12:30:10 3 should be way over 90 percent of expenses.

12:30:12 4 Q. Okay, thank you. And what I'm seeing --
12:30:18 5 what does "Equipment" mean? What does that refer to?

12:30:26 6 A. "Equipment" refers to the servers and
12:30:32 7 routers and other networking equipment that we would
12:30:37 8 buy to host the operations of both Telegram and TON.

12:30:53 9 Q. Do you use the same equipment to host the
12:31:00 10 operations of Telegram and TON, or is it separate
12:31:02 11 equipment?

12:31:19 12 A. We used most equipment -- we use --
12:31:22 13 I'm sorry. We use the same equipment in most cases.

12:31:24 14 Q. The same equipment, okay. And what's
12:31:27 15 "Traffic Hosting Fees"?

12:31:38 16 A. I think it's important to clarify that
12:31:41 17 unlike certain other internet services, Telegram
12:31:51 18 doesn't use -- or doesn't rely only on the help of
12:32:08 19 cloud-hosting platforms, such as AWS, to maintain its
12:32:17 20 operations, and, like, the vast majority of servers
12:32:26 21 that we use is owned by ourselves, and since we own
12:32:34 22 it, this equipment, ourselves we also have to pay to
12:32:44 23 internet providers, you know, providers of telecoms,
12:32:49 24 providers of connectivity to be able to make sure that
12:32:57 25 our servers are accessible by our users globally.

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12:33:03 1 Q. And so is that traffic hosting fees, just
12:33:06 2 to get an answer to my question?

12:33:07 3 A. Yes.

12:33:08 4 Q. Okay, thanks.

12:33:09 5 So what I'm seeing from page 1 is that
12:33:12 6 approximately 41 percent of costs were spent on
12:33:19 7 equipment between January 2018 and January 2019, and
12:33:23 8 then 38 percent in the next page, which you said is up
12:33:29 9 to November 2019, correct?

12:33:30 10 A. Yeah.

12:33:31 11 Q. Okay. So is it fair to say that
12:33:34 12 approximately 40 percent of the expenses of Telegram
12:33:37 13 are in equipment?

12:33:37 14 A. That is fair.

12:33:38 15 Q. Okay. And why have you never charged
12:33:41 16 users a fee for using Telegram?

12:33:44 17 MR. DRYLEWSKI: Objection; scope.

12:34:09 18 THE WITNESS: We have a very long-term
12:34:11 19 vision for Telegram and we have been focused on
12:34:14 20 growth, and the ways our service can be used by more
12:34:34 21 and more people, we thought that charging a fee could
12:34:39 22 have been detrimental to growth.

12:34:50 23 As you may know, none of the other
12:34:54 24 competing messaging apps are charging fees from their
12:34:58 25 users, with the exception of really small niche ones,

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12:35:05 1 and I would say it wouldn't be sensible, commercially
12:35:11 2 and strategically, to start charging users.

12:35:15 3 BY MR. TENREIRO:

12:35:15 4 Q. You would say it would or would not be?

12:35:18 5 MR. DRYLEWSKI: I think he said "would not
12:35:19 6 be."

12:35:20 7 MR. TENREIRO: Okay, because I saw
12:35:22 8 "would," that's why I was clarifying.

12:35:25 9 THE WITNESS: Thank you.

12:35:26 10 BY MR. TENREIRO:

12:35:26 11 Q. It would not be, okay.

12:35:29 12 Up until the end of December 2017, since
12:35:32 13 it was not charging fees, was Telegram generating any
12:35:36 14 other sources of revenue, such as ads or anything
12:35:39 15 else?

12:35:39 16 MR. DRYLEWSKI: Objection; scope.

12:35:52 17 THE WITNESS: We contemplated several
12:35:54 18 potential revenue streams for Telegram and we
12:35:58 19 considered that the ad-driven monetization could be
12:36:09 20 very profitable; however, since we are a small team
12:36:29 21 and limited in the resources that we have available
12:36:31 22 in terms of talent and time, we decided to focus on
12:36:44 23 other projects and return to these other potential
12:37:08 24 revenue streams -- I mean the consideration or the
12:37:11 25 implementation of those -- sometime later in the

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12:47:26 1 from the question whether you can ask the questions.

12:47:28 2 MR. TENREIRO: Our position is these
12:47:29 3 questions about the use of the private placement funds
12:47:31 4 are within the scope of 26 and 27, and within the
12:47:34 5 scope of what Judge Castel allowed us to ask yesterday
12:47:40 6 as a 30(b)(6) witness.

12:47:40 7 MR. DRYLEWSKI: We are going to reserve
12:47:41 8 our rights to object to that characterization.
12:47:44 9 But there is no need to bog this down. You can ask
12:47:48 10 the questions, the witness is going to answer them,
12:47:48 11 and if we have a dispute later about whether that was
12:47:50 12 within or without the scope of these topics, we can
12:47:53 13 discuss it then.

12:47:54 14 MR. TENREIRO: Fair enough.

12:47:55 15 BY MR. TENREIRO:

12:47:55 16 Q. Mr. Durov, so how much money has Telegram
12:47:59 17 spent since October -- since the letter to the
12:48:01 18 investors to today on equipment for the TON Blockchain
12:48:07 19 specifically?

12:48:08 20 MR. DRYLEWSKI: Objection; scope.

12:48:10 21 MR. TENREIRO: And, again, I disagree that
12:48:13 22 this is outside of the scope. This is squarely within
12:48:15 23 the scope of 26 and 27.

12:48:17 24 MR. DRYLEWSKI: Same response.

12:48:29 25 THE WITNESS: Well, due to the fact that

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12:48:31 1 we use the same equipment and same suppliers for
12:48:35 2 equipment for both Telegram Messenger and TON,
12:48:45 3 it's hard to make this distinction.

12:48:57 4 I would assume it's -- well, it's fair to
12:49:10 5 say that a substantial part of the equipment costs
12:49:29 6 supported Telegram Messenger because Telegram is a
12:49:44 7 large, popular service; however, we did use a lot of
12:49:52 8 equipment for TON, you know, to be able to stress-test
12:50:01 9 it properly and also in order to stress-test the new
12:50:23 10 applications for TON that we are currently working on.

12:50:28 11 BY MR. TENREIRO:

12:50:28 12 Q. How much money has been spent in equipment
12:50:31 13 since October 2019?

12:50:32 14 MR. DRYLEWSKI: And we'll just reserve our
12:50:35 15 respective rights on all of this, okay. I don't want
12:50:39 16 to bog you down.

12:50:40 17 MR. TENREIRO: Okay.

12:50:53 18 THE WITNESS: Well, my estimate would be
12:51:08 19 around -- somewhere around \$10 million about.

12:51:15 20 BY MR. TENREIRO:

12:51:15 21 Q. Okay. And if you wanted to -- I'm sorry.
12:51:18 22 Were you finished?

12:51:20 23 A. Or slightly less. I mean, I think it's
12:51:22 24 possible that we spent that amount of money.

12:51:23 25 Q. Okay. If you wanted to get not an

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12:58:33 1 expenses, so ...

12:58:34 2 Q. Okay. So the more substantial share is
12:58:38 3 the core team, what you've described as the core team?

12:58:40 4 A. Correct.

12:58:41 5 Q. Okay. But the core team also includes
12:58:44 6 coders and programmers, right?

12:58:47 7 A. That's right.

12:58:47 8 Q. Okay. And today, do the coders and
12:58:52 9 programmers work on both Telegram Messenger and
12:58:56 10 TON Blockchain, or do some do only one? How is that
12:59:00 11 broken up?

12:59:07 12 A. So the engineers we employ are high-scale,
12:59:13 13 multifaceted professionals that are used to work on
12:59:27 14 a wide range of tasks and projects, and I would say
12:59:37 15 that pretty much the entire team, the entire
12:59:45 16 engineering team, has been involved in the development
12:59:47 17 of TON and its applications.

12:59:53 18 Q. But also Telegram Messenger, at least at
12:59:56 19 various times; is that correct?

12:59:57 20 A. Yes.

12:59:57 21 Q. Okay. Let me just ask you one more before
13:00:04 22 we go off the record. The logo for Telegram is
13:00:08 23 a little paper airplane; is that correct?

13:00:11 24 A. That's right.

13:00:11 25 Q. Okay. And do you have copyright over that

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13:03:14 1 it's logical to assume that we have tried to register
13:03:24 2 the logo in most developed countries and significant
13:03:34 3 markets in order not to have bad actors trying to scam
13:03:42 4 users into believing they're downloading the messaging
13:03:52 5 app that we created.

13:03:55 6 MR. TENREIRO: Okay. Good time to go off?

13:03:57 7 MR. DRYLEWSKI: Yes.

13:03:57 8 MR. TENREIRO: Let's go off the record.

13:04:00 9 THE WITNESS: Okay, thank you.

13:04:01 10 THE VIDEOGRAPHER: We are going off the
13:04:02 11 record. The time is 1:03.

13:04:04 12 (Lunch break taken.)

13:53:32 13 THE VIDEOGRAPHER: We are back on record.
13:53:34 14 The time is 1:52.

13:53:36 15 MR. TENREIRO: Thank you.

13:53:37 16 BY MR. TENREIRO:

13:53:37 17 Q. Mr. Durov, at some point -- I'm sorry,
13:53:41 18 are you ready to proceed?

13:53:42 19 A. Yes.

13:53:42 20 Q. Okay, sorry.

13:53:44 21 At some point in 2017 and 2018, Telegram
13:53:47 22 raised funds from investors; is that correct?

13:53:49 23 A. Yes.

13:53:49 24 Q. And how much money was raised?

13:54:09 25 A. Well, as a result of the private placement

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13:54:12 1 conducted in 2018, we raised \$1.7 billion.

13:54:23 2 Q. And whose idea was it to raise funds from
13:54:26 3 investors?

13:54:37 4 A. I think it was my idea that I came to as
13:54:54 5 a result of discussions with my peers and other third
13:55:03 6 parties.

13:55:04 7 Q. Other? Third parties, okay.

13:55:09 8 A. Yes.

13:55:09 9 Q. Let me ask you just to go back on the
13:55:12 10 1.7 billion. How much of the 1.7 billion has Telegram
13:55:15 11 actually received from investors? Has it received all
13:55:18 12 of it?

13:55:18 13 A. Yes.

13:55:18 14 Q. Okay. And it received all of it in 2018;
13:55:21 15 is that correct?

13:55:21 16 A. Yes, I believe so.

13:55:22 17 Q. Okay. Since 2018, has Telegram raised any
13:55:28 18 other funds from investors?

13:55:32 19 MR. DRYLEWSKI: Objection; form.

13:55:33 20 Just to clarify, relating to TON?

13:55:38 21 MR. TENREIRO: In any form.

13:55:40 22 MR. DRYLEWSKI: Okay, thank you.

13:55:41 23 MR. TENREIRO: Thank you.

13:55:42 24 THE WITNESS: No, I don't think so.

25 ///

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13:55:44 1 BY MR. TENREIRO:

13:55:44 2 Q. Okay. I think you said it was your idea,
13:55:47 3 after consultation with advisors and third parties,
13:55:49 4 to raise the funds. Why did you want to raise funds
13:55:54 5 from investors?

13:55:56 6 MR. DRYLEWSKI: Objection; form.
13:55:58 7 Mischaracterizes the testimony; he didn't say
13:56:00 8 "advisors."

13:56:29 9 THE WITNESS: Our plan was to create
13:56:31 10 a scaleable, proof-of-stake blockchain network.
13:56:42 11 In a proof-of-stake blockchain architecture, it is
13:56:47 12 very important to have a lot of value locked in
13:56:52 13 validator stakes. In order to guarantee that this
13:56:59 14 value would be there, we would have to have some
13:57:09 15 people investing substantial amounts of funds in
13:57:20 16 exchange for Grams in the future, otherwise the
13:57:30 17 security and stability of the network would have been
13:57:35 18 affected because smaller amounts of value locked in
13:57:46 19 validator stakes could create an incentive for
13:57:51 20 potential validators to sign incorrect transactions,
13:57:55 21 particularly in cases where those transactions involve
13:58:01 22 large amounts of value.

13:58:05 23 MR. DRYLEWSKI: Just to check, are you all
13:58:06 24 right with this air that seems to have just gone on?

13:58:09 25 THE VIDEOGRAPHER: Yeah. I mean, we are

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13:58:11 1 fine but it is in the background. There's nothing
13:58:13 2 really we can do.

13:58:14 3 MR. DRYLEWSKI: Okay. I don't know if
13:58:15 4 there is anything we can do about it.

13:58:18 5 MS. CHARMANI: We checked and there's not.

13:58:20 6 MR. DRYLEWSKI: Sorry.

13:58:26 7 THE VIDEOGRAPHER: It just got louder.

13:58:28 8 BY MR. TENREIRO:

13:58:28 9 Q. So let me ask you why 1.7 billion as
13:58:34 10 opposed to some other amount?

13:58:48 11 A. Well, if the amount was to be too low,
13:58:55 12 as I was just explaining, this would lead to
13:59:06 13 a situation where the validators wouldn't have to
13:59:15 14 have -- to risk much when they validated transactions.
13:59:20 15 And in that sense, the larger the amount, the more
13:59:23 16 secure the network because it can allow for secure
13:59:33 17 transfer of larger amounts of value.

13:59:39 18 Q. So does this -- you talked about the
13:59:42 19 security and the stability of the -- when you said
13:59:44 20 "the network," are you referring to the TON
13:59:47 21 Blockchain?

13:59:47 22 A. Correct.

13:59:48 23 Q. Okay. So the security and stability of
13:59:50 24 the TON Blockchain, is it fair to say, would be
13:59:55 25 affected if you don't have a certain number of

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13:59:57 1 validators? Is that what you mean?

13:59:59 2 MR. DRYLEWSKI: Objection to form.

14:00:01 3 THE WITNESS: Not -- that was not exactly
14:00:06 4 what I was talking about. I was thinking more about
14:00:17 5 the aggregate value of all stakes deposited by all
14:00:22 6 validators regardless of the number of validators.

14:00:27 7 BY MR. TENREIRO:

14:00:28 8 Q. Okay. So the number of -- so just to make
14:00:31 9 sure the record is clear, I can deposit stakes but not
14:00:34 10 actually be selected as a validator; is that correct?

14:00:37 11 A. That is also possible.

14:00:38 12 Q. Okay. So when you say -- so is it fair to
14:00:41 13 say, then, that the security and stability of the
14:00:44 14 network depends, at least in part, on there being
14:00:47 15 a lot of stakes deposited to act -- to potentially act
14:00:53 16 as validators; is that what you meant?

14:01:01 17 MR. DRYLEWSKI: Objection to form.

14:01:01 18 THE WITNESS: No. I meant that the
14:01:04 19 aggregate value of all stakes that were both deposited
14:01:10 20 and accepted in validation should be high enough for
14:01:15 21 the network to be able to process large transactions
14:01:21 22 securely.

14:01:22 23 BY MR. TENREIRO:

14:01:22 24 Q. Both the stakes that are both deposited
14:01:25 25 and accepted needs to be high enough; is that correct?

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14:01:28 1 A. Yes. Yes, because it is important to have
14:01:41 2 validators running the network that are risking
14:01:48 3 substantial amounts of value in case they decide
14:01:54 4 to act in bad faith.

14:01:57 5 Q. So if I -- what if I -- what if you sell
14:02:00 6 a certain number of Grams but none of the people to
14:02:03 7 whom you sold it decide to deposit them or stake them
14:02:09 8 in some way; would that achieve the security and
14:02:13 9 stability that you need for the TON Blockchain to
14:02:18 10 operate as you envisioned it?

14:02:20 11 MR. DRYLEWSKI: Objection to form.

14:02:21 12 And just to clarify for the record, are
14:02:22 13 you asking this in his 30(b)(6) capacity?

14:02:24 14 MR. TENREIRO: I am. I am asking about
14:02:25 15 the purpose of the offering and with the vision for
14:02:30 16 use of -- you know, of the offering.

14:02:34 17 THE WITNESS: Would you remind repeating
14:02:36 18 the question?

14:02:37 19 BY MR. TENREIRO:

14:02:37 20 Q. Yes. If you sold a certain number of
14:02:39 21 Grams but none of the people to whom you sold it to
14:02:42 22 actually deposited them, or otherwise staked them,
14:02:47 23 none of them did that, would that achieve the security
14:02:51 24 and stability that you envisioned for the TON
14:02:55 25 Blockchain when you conducted the offering?

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14:02:56 1 MR. DRYLEWSKI: Same objection.

14:03:01 2 THE WITNESS: Well, if we have to imagine
14:03:03 3 a hypothetical scenario under which no Gram-holders,
14:03:11 4 or future Gram-holders are willing to act as
14:03:17 5 validators, it would make the launch impossible.

14:03:23 6 BY MR. TENREIRO:

14:03:24 7 Q. Okay. And what number of separate
14:03:33 8 entities or individuals that are depositing or staking
14:03:38 9 their Grams and willing to act as validators in
14:03:44 10 your -- do you think you need to have so that you get
14:03:47 11 the security and stability for the network that you
14:03:50 12 envisioned?

14:03:51 13 MR. DRYLEWSKI: Objection to form, and
14:03:54 14 objection scope.

14:04:30 15 THE WITNESS: Well, so you're right that
14:04:33 16 in addition to the importance of having a substantial
14:04:40 17 amount of value locked in validator stakes, it is also
14:04:50 18 important to have a certain number of independent
14:04:53 19 validators running the network and signing the
14:05:03 20 transactions. What exact number is sufficient in this
14:05:11 21 regard is a, for the most part, theoretical and
14:05:18 22 philosophical question, and I think there have been a
14:05:22 23 lot of publications on that topic by the blockchain
14:05:32 24 community.

14:05:41 25 Purely theoretically, if you have to come

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14:05:44 1 up with the minimum -- minimal sufficient number of
14:05:52 2 validators to run a network like this and for the
14:05:56 3 network to still qualify as a decentralized network,
14:06:00 4 you would need at least several completely independent
14:06:03 5 validators. And the more validators you have, the
14:06:07 6 better.

14:06:12 7 BY MR. TENREIRO:

14:06:12 8 Q. Can you get any more specific than
14:06:14 9 "at least several"?

14:06:16 10 Or let me ask it this way: What's your
14:06:19 11 own personal view as to what, you know, a good
14:06:22 12 starting number would be? Just Mr. Durov's view.

14:06:58 13 A. If you look at some other blockchain
14:07:02 14 networks, you could see that they are able to maintain
14:07:12 15 decentralization even when the parties running the
14:07:21 16 networks -- in the case of Bitcoin, those are called
14:07:26 17 miners -- join their efforts into pools, and if you
14:07:39 18 look at the structure of these networks based on the
14:07:47 19 number of independent pools are out there, you will
14:07:51 20 see that there are several pools like that, the joint
14:08:05 21 efforts of which are sufficient to sign any new block
14:08:13 22 generated in the network.

14:08:17 23 If you look at some other networks, such
14:08:20 24 as the more recently launched EOS, I think they have
14:08:33 25 20-something validators in their delegated

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14:08:38 1 proof-of-stake network. So I think that in terms of
14:08:45 2 public perception and reputation in the community,
14:08:52 3 it would be good to have more than 20 validators at
14:08:56 4 launch.

14:08:57 5 Q. Is it fair to say that you were preparing
14:09:00 6 to launch the TON Blockchain at some point in October
14:09:05 7 of 2019 before this litigation began?

14:09:15 8 A. Did we -- sorry, can you repeat the
14:09:18 9 question?

14:09:19 10 Q. Yeah. Is it fair to say that Telegram was
14:09:22 11 preparing to launch the TON Blockchain at some point
14:09:25 12 in October 2019?

14:09:26 13 A. That's exactly true.

14:09:26 14 Q. And how many validators were you expecting
14:09:30 15 to have upon the launch at that point?

14:09:37 16 A. We were expecting to have more than
14:09:40 17 20 validators. I think we received interest from --
14:09:49 18 well, at least several validators -- potential
14:09:53 19 validators, it may be a dozen, and we were actively,
14:09:58 20 you know, processing such inquiries and requests for
14:10:05 21 validation in early October when this process was
14:10:10 22 interrupted by this started litigation.

14:10:14 23 Q. And so the -- what was the basis for your
14:10:17 24 expectation of how many validators you were going to
14:10:21 25 have?

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14:19:13 1 A. I remember them expressing an interest.
14:19:16 2 That's at least how I understand -- understood them,
14:19:19 3 yes.

14:19:19 4 Q. Okay. And in terms of the offering
14:19:22 5 process for the private placement, did Telegram have
14:19:26 6 any sort of policy about inquiring from potential
14:19:31 7 investors as to whether they had an intention or an
14:19:34 8 interest in acting as validators on the TON
14:19:38 9 Blockchain?

14:19:38 10 MR. DRYLEWSKI: Objection; scope.

14:19:41 11 MR. TENREIRO: So this is within the scope
14:19:42 12 of question -- you know, the manner in which the offer
14:19:44 13 was conducted, how the offer was conducted --

14:19:44 14 MR. DRYLEWSKI: Where is that?

14:19:51 15 MR. TENREIRO: -- were there scripts, what
14:19:53 16 criteria of reasons were used to decide.

14:19:55 17 MR. DRYLEWSKI: Which topic number?

14:19:57 18 MR. TENREIRO: The last page. I don't
14:19:58 19 know if you want to call that topic 32 or how you want
14:20:10 20 to refer to it.

14:20:11 21 MR. DRYLEWSKI: Objection withdrawn.
14:20:13 22 Thank you.

14:20:14 23 MR. TENREIRO: Okay.

14:20:24 24 THE WITNESS: We didn't have a specific
14:20:25 25 policy that would oblige our employees to ask these

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14:20:34 1 questions to investors or ask the investors to fill
14:20:40 2 out a form involving such questions; we preferred to
14:21:11 3 enter into purchase agreements with well-known,
14:21:23 4 sophisticated investors, many of whom had an
14:21:31 5 established name in the technology sector. We assumed
14:21:43 6 that -- given the fact that becoming a validator is
14:21:57 7 actually not unlike something as simple as setting up
14:22:03 8 a server in a data center in a secure way, we assumed
14:22:19 9 that a lot of our purchasers would be able to act as
14:22:33 10 validators if they chose to.

14:22:37 11 BY MR. TENREIRO:

14:22:37 12 Q. Thank you, Mr. Durov. I think the court
14:22:40 13 reporter -- I want to clarify the beginning of your
14:22:42 14 answer. I think she wrote down, "We did have
14:22:45 15 a specific policy that would oblige ..."

14:22:49 16 A. Ah, I'm sorry; we did not.

14:22:52 17 Q. You did not. Thank you.

14:22:58 18 So I started this line of question by
14:23:00 19 asking you why you did a public offering -- I'm sorry,
14:23:04 20 why you did a private placement in 2018, and I think
14:23:09 21 you discussed your need for people, and validators for
14:23:17 22 security and stability. Is that correct? Is that one
14:23:19 23 of the reasons why you raised funds from investors?

14:23:23 24 A. This is --

14:23:24 25 MR. DRYLEWSKI: Objection --

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14:26:48 1 had as a result of this opportunity cost could be at
14:26:56 2 least partially compensated by the funds that Telegram
14:27:06 3 Messenger could receive and spend in accordance -- as
14:27:19 4 a result of the private placement in accordance with
14:27:22 5 the Use of Funds section that we included in the
14:27:28 6 offering materials for private purchasers.

14:27:35 7 Q. Okay. So just to make sure I understand,
14:27:38 8 is it fair to say that one of the reasons you decided
14:27:40 9 to raise funds was to fund Telegram Messenger at some
14:27:42 10 point?

14:27:44 11 MR. DRYLEWSKI: Objection to form.

14:28:10 12 THE WITNESS: I think one of the reasons
14:28:12 13 why we thought it was appropriate to spend part of
14:28:18 14 the funds resulting from the private placement on
14:28:27 15 supporting Telegram was to compensate for the
14:28:30 16 opportunity costs that I just described.

14:28:51 17 It is also worth mentioning that at the
14:28:53 18 time of launch, the size and the public perception of
14:29:28 19 the Telegram brand could affect the perception of this
14:29:42 20 new decentralized network which has been built by the
14:29:47 21 same team. So you can say that if there are many
14:30:04 22 users who are happy with Telegram, those users would
14:30:19 23 likely be interested to see if they can find a project
14:30:33 24 developed by the same team interesting, even
14:30:39 25 recognizing the fact that this project will not be

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14:30:46 1 supported by the same team post launch.

14:30:57 2 In a similar manner, a large part of the
14:31:08 3 users that enjoyed the services of the first company
14:31:14 4 I built, VK, later decided to try Telegram, an
14:31:30 5 unrelated service that, however, has some of the same
14:31:36 6 people as its creators. So it would be fair to assume
14:31:50 7 that spending some of the funds on sustaining and
14:32:01 8 developing the Telegram brand would be -- spend some
14:32:17 9 of the funds for sending and developing the Telegram
14:32:21 10 brand pre-launch -- I mean before the launch of TON --
14:32:24 11 would be helpful for the successful launch of TON and
14:32:31 12 could promote the consumptive use of Grams indirectly.

14:32:35 13 BY MR. TENREIRO:

14:32:35 14 Q. Thank you. Sorry, I didn't mean to
14:32:39 15 imply -- just picking up on the earlier part of your
14:32:42 16 answer, I didn't mean to imply there was anything
14:32:45 17 inappropriate with using funds for Telegram. I'm just
14:32:47 18 trying to ask the basic question of why Telegram
14:32:50 19 raised funds in 2017.

14:32:52 20 So is it fair to say that one of the
14:32:54 21 reasons was to fund the operations of Telegram
14:32:58 22 Messenger? And I'll get to the other reasons.
14:33:01 23 I'm just trying to understand all of the reasons,
14:33:02 24 that's all.

14:33:07 25 A. I think we are risking confusing the

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14:33:11 1 reason and the consequence here because the reason
14:33:15 2 here was to create a new-generation blockchain
14:33:27 3 platform that our users asked us for, as we understood
14:33:31 4 their requests. When we started to think about this
14:33:37 5 idea, we realized that it should be a proof-of-stake
14:33:41 6 system if we want to achieve the usability and speed
14:33:47 7 that our users are accustomed to.

14:33:51 8 Based on that, we realized that we would
14:33:54 9 have to come up with a way of eventually distributing
14:34:04 10 Grams, and we decided to enter the purchase agreements
14:34:09 11 with private purchasers, in order to have a sufficient
14:34:24 12 amount of value locked in validator stakes in order
14:34:29 13 for this blockchain to be secure, and only after that,
14:34:37 14 realizing that we now have access to certain funds and
14:34:46 15 at the same time we are limited in our ability to
14:34:49 16 pursue alternative potential revenue streams, due
14:35:02 17 to the fact that we are busy building TON Blockchain,
14:35:07 18 we decided that we could use some of the funds for
14:35:15 19 some of the purposes that I described, and we made it
14:35:19 20 very clear to all the purchasers in the private
14:35:24 21 placement as to how we would be using the proceeds
14:35:28 22 from the offering.

14:35:32 23 Q. And going back to another part of your
14:35:34 24 earlier answer about how you thought -- I'm
14:35:38 25 paraphrasing here but please correct me at the end --

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14:35:42 1 how you thought that spending some funds on Messenger
14:35:46 2 might be beneficial to TON, you talked about an
14:35:51 3 analogy between VK and then people moving over from VK
14:35:55 4 to Messenger.

14:35:56 5 Do you recall that we just talked about
14:35:57 6 that a second ago?

14:35:59 7 A. Yes.

14:35:59 8 Q. Would you describe that as sort of like
14:36:01 9 brand development, I guess, or is that what you're
14:36:05 10 talking about there?

14:36:14 11 A. I'm talking primarily about credibility
14:36:17 12 and trust, because these things are very important in
14:36:26 13 the distributed-ledger community. I think it's
14:36:33 14 important to establish this trust by consistently
14:36:42 15 delivering high-quality products so that the new
14:37:13 16 decentralized network, at launch, could enjoy
14:37:21 17 a certain level of credibility and interest coming
14:37:28 18 from this community.

14:37:32 19 Q. The credibility based on you and your
14:37:36 20 team's past history of delivering good products;
14:37:41 21 is that fair to say?

14:37:45 22 A. I'm speaking more -- mainly about, for
14:37:48 23 example, things like the security of the TON
14:37:55 24 Blockchain post launch. It would be fair to assume
14:38:03 25 that some people would be reluctant to start

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14:38:13 1 transferring substantial amounts of funds using a new
14:38:17 2 network unless they have a certain level of confidence
14:38:29 3 that the original team of developers that created the
14:38:32 4 core code of this network is a group of talented
14:38:39 5 individuals that have a proven track record.

14:38:43 6 Q. Okay. So going back to the offering, what
14:38:50 7 are the dates of the offering? What were the dates of
14:38:53 8 the offering, the beginning and the end?

14:38:56 9 MR. DRYLEWSKI: Objection to form.
14:38:59 10 Calls for a legal conclusion.

14:39:15 11 THE WITNESS: I hope I had it with me
14:39:16 12 somewhere, but the top of my head, I can say that the
14:39:21 13 first round of the offering took place in January and
14:39:32 14 I believe my colleagues started to have certain
14:39:36 15 discussions with investors in early December.

14:39:41 16 BY MR. TENREIRO:

14:39:42 17 Q. Of? I'm sorry, of '17?

14:39:45 18 A. Yes.

14:39:46 19 Q. Okay.

14:39:47 20 A. It may have been a little earlier than
14:39:50 21 that but just preliminary discussions. The main work
14:39:58 22 started in December. It was concluded in January for
14:40:02 23 the first round.

14:40:20 24 The second round was completely signed,
14:40:32 25 I think, one and a half months later approximately,

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14:52:55 1 capacity as the corporate representative for Telegram,
14:52:57 2 is that the same basis for Telegram's understanding
14:52:59 3 that it had \$850 million in signed purchase
14:53:03 4 agreements, or is there something else?

14:53:28 5 A. Internally, everybody in the team who was
14:53:33 6 related to the private placement had the understanding
14:53:35 7 of the importance of being able to say how many
14:54:00 8 purchase agreements we have signed by the other
14:54:03 9 parties, and for what amount these agreements -- and
14:54:35 10 for what amount these agreements translate to, so
14:54:47 11 I remember it was clearly understood by everybody
14:54:58 12 involved.

14:54:59 13 THE COURT REPORTER: Sorry, it was or
14:55:01 14 wasn't?

14:55:01 15 MR. DRYLEWSKI: I think he said "was."

14:55:01 16 THE WITNESS: Was.

14:55:03 17 THE COURT REPORTER: Thanks.

14:55:03 18 BY MR. TENREIRO:

14:55:03 19 Q. And when you said everybody in the team
14:55:07 20 was related to the private placement, can you just
14:55:08 21 tell me who those people are, that team?

14:55:12 22 A. Yeah. At that point those were Ilia,
14:55:15 23 Shyam and John.

14:55:18 24 Q. Ilia, Shyam and John, okay.

14:55:20 25 Is it fair to say that as of March 2018,

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14:55:29 1 as at the end of March 2018, Telegram had not actually
14:55:32 2 received \$850 million from the Stage A purchasers?

14:55:49 3 A. Yes. As I said, some of the purchasers
14:55:51 4 took time in transferring funds, but at that point it
14:56:05 5 seemed natural because some of them would have
14:56:11 6 problems with -- or additional questions coming from
14:56:16 7 their banks, some of them would refer to other reasons
14:56:21 8 why it would take additional time, and given the fact
14:56:32 9 that we believed we had credible funds and individuals
14:56:47 10 sign those agreements, we had no grounds to believe
14:56:51 11 that they would act to breach the agreements,
14:56:54 12 particularly after having successfully, quickly,
14:57:03 13 concluding the first stage of the private placement
14:57:06 14 where also some of the purchasers might have taken
14:57:14 15 a couple of additional weeks to transfer, but
14:57:22 16 eventually did transfer in a reasonable time frame.

14:57:29 17 So based on our experience, we believed
14:57:31 18 that having all those purchase agreements signed by
14:57:33 19 the purchasers means that we have the comfort of
14:57:44 20 knowing those funds will eventually be transferred, or
14:57:48 21 would eventually be transferred.

14:57:55 22 Those are legally binding agreements and
14:58:01 23 if we decided to do so, we could try to start
14:58:16 24 a litigation with each of the purchasers that failed
14:58:20 25 to meet their obligations, and that was something

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14:58:23 1 I considered at that point in time; however, we
14:58:38 2 decided that it would be easy and beneficial, more
14:58:46 3 beneficial, for all parties involved for us just to
14:58:49 4 give them additional time. After that time is up,
14:58:58 5 give the same opportunity to certain other purchasers.

14:59:03 6 Q. Okay. Of the 850 million that had been
14:59:06 7 signed by the end of March 2018, how much had Telegram
14:59:12 8 actually received by the end of March of 2018?

14:59:32 9 A. It's hard to say. We could have missed
14:59:42 10 a couple of hundred, maximum 300, million. I believe
14:59:46 11 you have all the records, the banking records, that
14:59:49 12 correspond to the incoming payments, so I think it
14:59:55 13 could be restored.

14:59:57 14 Q. It could be, I'm sorry, what?

15:00:00 15 A. Restored. Sorry.

15:00:01 16 Q. Restored, okay.

15:00:03 17 Okay. So the banking records, you're
15:00:05 18 saying, would reflect how much had come in by the end
15:00:08 19 of March of 2018?

15:00:09 20 A. Yeah.

15:00:09 21 Q. But is it fair to say that Telegram, even
15:00:12 22 though it hadn't received the funds from the purchase
15:00:14 23 agreements, considered the transaction completed
15:00:18 24 because the purchase agreement had been signed by
15:00:21 25 these individuals?

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15:00:21 1 MR. DRYLEWSKI: Objection to form.

15:00:43 2 THE WITNESS: In my business experience,
15:00:45 3 when you enter into an agreement with a credible
15:00:49 4 party, it sometimes takes more time than expected to
15:00:54 5 actually transfer funds. Particularly in such a novel
15:01:04 6 area here, which is blockchain related, one could
15:01:15 7 expect for bank transfers to take more time than it
15:01:21 8 usually does. That is why we had no reason to believe
15:01:29 9 that those purchasers who didn't transfer the amounts
15:01:40 10 that they owed us in March would fail to transfer
15:01:52 11 those funds later that year.

15:01:58 12 It is also possible that some of those
15:01:59 13 purchasers could have eventually transferred the funds
15:02:09 14 at a very late date, but we didn't want for this
15:02:21 15 process to drag for a longer time than is necessary.

15:02:29 16 BY MR. TENREIRO:

15:02:30 17 Q. Right. I'm sorry, are you finished?

15:02:32 18 A. Yeah.

15:02:33 19 Q. Okay.

15:02:33 20 A. So we offered some of those purchasers
15:02:36 21 eventually to cancel those purchase agreements.

15:02:38 22 Q. Right. So just setting aside for a second
15:02:41 23 whether you thought that people would or would not
15:02:46 24 pay, I think I'm trying to ask a slightly different
15:02:48 25 question.

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15:02:50 1 On March 29, 2018, when you signed and
15:02:53 2 filled out Exhibit 42, and on page 5 you wrote that
15:03:00 3 850 million had been sold and that 0 remaining to be
15:03:03 4 sold --

15:03:04 5 A. Mmm-hmm.

15:03:04 6 Q. -- at that time is it fair to say that
15:03:07 7 Telegram understood that because it had signed and
15:03:12 8 countersigned 850 million worth of purchase
15:03:15 9 agreements, that at that time that's what you viewed
15:03:17 10 as the amount of transactions you had already entered
15:03:20 11 into?

15:03:21 12 A. Yes.

15:03:23 13 MR. DRYLEWSKI: Objection to form.

15:03:23 14 BY MR. TENREIRO:

15:03:23 15 Q. And that was --

15:03:24 16 A. Could you repeat the question? Maybe
15:03:26 17 I misunderstood.

15:03:28 18 Q. Sure. Is it fair to say that at the time
15:03:30 19 that you filled out and signed the form in Exhibit 42,
15:03:35 20 which is March 29, 2018, Telegram understood that it
15:03:38 21 had entered into transactions for \$850 million?

15:03:56 22 A. Yes, we had purchase agreements for
15:04:00 23 \$850 million signed by both sides --

15:04:02 24 Q. Right.

15:04:03 25 A. -- that is correct.

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15:04:03 1 Q. And is it also correct that even though
15:04:06 2 you had not received the funds for all of them, you
15:04:08 3 understood that you had an agreement for that amount
15:04:12 4 of money already in place, a legal -- I think you
15:04:16 5 called it a legally binding agreement. Is that
15:04:19 6 correct?

15:04:19 7 A. That was our understanding, that those
15:04:25 8 parties owed us those amounts according to the
15:04:28 9 purchase agreements.

15:04:29 10 Q. Okay.

15:04:58 11 MR. DRYLEWSKI: While we're marking an
15:05:00 12 exhibit, can I get the time on the record, please?

15:05:03 13 THE VIDEOGRAPHER: 2:52.

15:05:05 14 MR. DRYLEWSKI: Thank you.

15:05:08 15 MR. TENREIRO: That's how long we've gone
15:05:10 16 on?

15:05:10 17 THE VIDEOGRAPHER: Yes.

15:05:10 18 MR. TENREIRO: Got it.

15:05:11 19 So this will be Exhibit 43. It's a
15:05:16 20 purchase agreement and a cover page.

15:05:16 21 THE WITNESS: Should I take it?

15:05:16 22 MR. TENREIRO: She needs to mark it first.

15:05:46 23 (Exhibit 43 marked for identification.)

15:05:55 24 MR. DRYLEWSKI: Please feel free to take
15:05:57 25 your time and read the entire document. If there's

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15:23:41 1 I think I first may have heard about it
15:23:43 2 somewhere in 2017.

15:23:44 3 BY MR. TENREIRO:

15:23:44 4 Q. Okay. And just for the record, what do
15:23:46 5 you understand -- I'm not asking you for legal
15:23:48 6 conclusions or anything like that, but if you had to
15:23:51 7 explain it in your own words, what do you understand
15:23:53 8 the DAO Report to be?

15:23:55 9 MR. DRYLEWSKI: Objection to form.

15:24:32 10 THE WITNESS: My understanding at the time
15:24:34 11 was that this DAO Report was related to a certain
15:24:43 12 token or blockchain-related offering that may have not
15:24:54 13 been done in accordance to all applicable laws and
15:24:59 14 regulations in the United States.

15:25:02 15 BY MR. TENREIRO:

15:25:03 16 Q. And -- okay.

15:25:06 17 Now, Mr. Durov, we were discussing the
15:25:09 18 structuring of the offering -- of the private
15:25:10 19 placement, the pre-sale and the Stage A. Do you
15:25:13 20 recall discussing that with me a few moments ago?

15:25:17 21 A. Pre-sale and Stage A?

15:25:19 22 Q. Right.

15:25:20 23 A. Yeah, we discussed that.

15:25:22 24 Q. Okay. Was there a point in time when you
15:25:24 25 were considering raising funds that you considered

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15:25:29 1 a different structure? And by this I just mean
15:25:32 2 Telegram. Was there a point in time in which Telegram
15:25:35 3 considered some other structure rather than what
15:25:37 4 actually happened, which was pre-sale plus Stage A?

15:26:02 5 A. Yes. I think at some early stages we
15:26:07 6 thought that a public offering, at least in certain
15:26:25 7 jurisdictions, could also be part of the process.

15:26:34 8 Q. Public offering of what?

15:26:55 9 A. This is a very good question that, after
15:27:06 10 being carefully studied and explored by us, eventually
15:27:09 11 led us to not engage in any public offering of that
15:27:17 12 kind, because we believed, at least as far as the
15:27:33 13 United States jurisdiction is concerned, that a public
15:27:41 14 offering of a right to receive Grams in the future
15:27:47 15 could be treated as an unregistered security.
15:28:13 16 And while there were several players in the market at
15:28:27 17 that time that were credible, or at least projected
15:28:31 18 a very credible image that have engaged in these kind
15:28:40 19 of activities, at least outside of the United States,
15:28:50 20 it was not fully clear how this -- how such an
15:29:01 21 offering could be implemented practically across all
15:29:07 22 jurisdictions in a way that would avoid us to decrease
15:29:18 23 complexity and unnecessary risks.

15:29:28 24 This is why we eventually gave up the idea
15:29:32 25 to conduct a public offering of interest in Grams.

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15:29:44 1 Q. When you were considering the public
15:29:47 2 offering, I think you mentioned of a right to receive
15:29:51 3 Grams in the future; is that correct?

15:29:55 4 A. I believe that's what I said, yes.

15:29:57 5 Q. Okay. So can you explain what you meant
15:29:59 6 by that, when you -- so my question is, when you were
15:30:03 7 considering the public offering, contemplating
15:30:06 8 entering into purchase agreements such as the one
15:30:10 9 we just saw in Exhibit 41 -- sorry, it wasn't 41. 43.
15:30:24 10 Yeah, that's that one.

15:30:25 11 A. Okay.

15:30:25 12 Q. Sorry, let me start again.

15:30:27 13 When you were considering the public
15:30:29 14 option, was Telegram considering entering into
15:30:31 15 purchase agreements with members of the public such as
15:30:33 16 the one in Exhibit 43?

15:30:40 17 A. This was a very early stage and we --
15:30:47 18 I don't believe we thought it through down to,
15:31:00 19 you know, the tiniest detail. We knew, based on what
15:31:16 20 we saw at the market at that time, that there were
15:31:22 21 certain companies that seemed to be credible and
15:31:29 22 seemed to have attracted interest from institutional
15:31:36 23 investors that were either contemplating a public
15:31:40 24 offering or having done a public offering of that
15:31:49 25 kind. At first we thought that might be a path

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15:36:16 1 MR. TENREIRO: Yes, of course.

15:36:17 2 BY MR. TENREIRO:

15:36:18 3 Q. To the extent Telegram had any desire to
15:36:20 4 raise funds, did the purpose of that fundraise change
15:36:26 5 in any way as the potential ways in which Telegram was
15:36:31 6 going to do it change?

15:36:33 7 MR. DRYLEWSKI: Objection to form.

15:36:48 8 THE WITNESS: I'm very sorry but I find it
15:36:53 9 very hard to grasp the question.

15:36:54 10 BY MR. TENREIRO:

15:36:54 11 Q. Fair enough. Let's break it down.

15:36:56 12 When you were doing the fundraising in
15:36:58 13 connection with Grams, there was -- at some point you
15:37:01 14 thought about maybe doing a public offering and you
15:37:03 15 settled on a private placement; is that correct?

15:37:07 16 MR. DRYLEWSKI: Objection; form,
15:37:12 17 mischaracterizes the testimony.

15:37:38 18 THE WITNESS: I'm sorry. Was this
15:37:41 19 a summary of what I just said or ...

15:37:44 20 BY MR. TENREIRO:

15:37:44 21 Q. No, no, I was asking -- let's just start
15:37:47 22 again.

15:37:48 23 So in connection with the raising of funds
15:37:51 24 for the TON Blockchain, you did a private placement
15:37:57 25 but you also considered at some point doing

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15:37:59 1 potentially a public offering of some nature; is that
15:38:07 2 correct?

15:38:07 3 A. Yes, we --

15:38:09 4 Q. Okay. And --

15:38:10 5 A. We did consider a public offering at
15:38:14 6 earlier stages, yes.

15:38:15 7 Q. Right. And was the purpose of the public
15:38:16 8 offering the same purpose than that of the private
15:38:19 9 placement which you eventually conducted, i.e., to
15:38:23 10 raise funds for the TON Blockchain, and other
15:38:27 11 corporate purposes?

15:38:42 12 A. Yeah, I think that these are the same --
15:38:48 13 more or less the same reasons. In addition to those,
15:39:04 14 it has been noted that some members of the blockchain
15:39:10 15 community considered public distribution of tokens of
15:39:17 16 any kind a means to ensure a more democratic way to
15:39:37 17 distribute tokens. I think this is -- this was a
15:39:44 18 popular theory among certain circles.

15:40:00 19 I think we were aware of this theory at
15:40:08 20 that point and it may have contributed to, you know,
15:40:15 21 our intention to do things in a way that would be
15:40:30 22 accepted by the blockchain community as reasonable and
15:40:38 23 in line with the ethos of the decentralized
15:40:49 24 philosophy.

15:40:49 25 Q. And the blockchain -- is it fair to say

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15:48:44 1 offers and considered raising funds via selling
15:48:48 2 equity, as you write in this email? Is that statement
15:48:50 3 true?

15:49:01 4 A. I think we considered a number of
15:49:03 5 potential scenarios and selling equity was, among
15:49:14 6 these scenarios, was not our top option when it came
15:49:27 7 to raising funds. The main option that we have been
15:49:39 8 exploring -- were exploring at the time was a number
15:49:47 9 of monetization strategies for Telegram.

15:49:52 10 Q. Why was selling equity not your top
15:49:55 11 option?

15:50:16 12 A. Because we were concerned that selling
15:50:25 13 equity could affect the company's integrity and its
15:50:30 14 values, and change the company's ethos and what it
15:50:46 15 stands for.

15:50:51 16 Q. Okay. If I could please direct your
15:50:54 17 attention to the third page. At the bottom, the Bates
15:50:57 18 number is 11-40 and it's an email from you on
15:51:04 19 January 16, 2018, "Subject: Re: Update on the
15:51:12 20 Telegram/TON Sale."

15:51:17 21 Do you see that?

15:51:18 22 A. Yeah.

15:51:18 23 Q. Okay. And then you say -- towards the
15:51:19 24 middle of this page, it says:

15:51:20 25 "This is the letter and and a course of

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16:00:55 1 subsequent Gram; is that how the formula worked?

16:00:58 2 A. Each subsequent Gram was slightly more
16:01:01 3 expensive than the previous one; however, this was not
16:01:07 4 relevant within one stage of the private placement
16:01:24 5 because each purchaser in the same stage of the
16:01:30 6 private placement would have exactly the same price
16:01:33 7 per Gram.

16:01:34 8 Q. Right. So you guessed my next question.
16:01:38 9 In each of the two stages, pre-sale and Stage A, every
16:01:42 10 purchaser paid the same amount per each Gram that they
16:01:46 11 bought; is that correct?

16:01:50 12 A. Yes.

16:01:52 13 Q. So the formula, right, is a set of
16:01:56 14 variables; you can input the number of Grams and you
16:01:59 15 get the price, or you can put in the price and you get
16:02:02 16 the number of Grams? Is that fair to say?

16:02:14 17 A. All the formula does is -- I'm sorry, to
16:02:43 18 be sure I accurately respond to your question, could
16:02:45 19 you repeat it?

16:02:46 20 Q. Yeah. Let me try it in another way.

16:02:49 21 When Telegram was setting the price at
16:02:51 22 which, let's just say, the pre-sale investors were
16:02:54 23 going to pay per Gram, how does one go about doing
16:02:57 24 that?

16:03:02 25 A. So using this formula, we would calculate

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16:03:08 1 the aggregate value of all the Grams sold in the
16:03:18 2 offering, in this stage of the private placement.
16:03:29 3 Then we would divide this sum of value of all Grams by
16:03:39 4 the number of Grams sold. That's how we would obtain
16:03:44 5 the average price per Gram within a stage in the
16:03:51 6 offering.

16:03:51 7 Q. So it's just an average?

16:03:53 8 A. Yes.

16:03:53 9 Q. And so if -- I guess my question is what
16:03:59 10 comes first, the amount of the offering or the price
16:04:01 11 of the Grams?

16:04:34 12 A. I think the primary consideration was the
16:04:40 13 volume of the stage of the offering we were
16:04:46 14 contemplating, and, based on that, we would be able
16:04:54 15 to understand how many Grams would be sold during that
16:05:02 16 stage and then calculate the average price per Gram.

16:05:08 17 Q. Okay. Now, the language that's after "End
16:05:11 18 of quote," can you please read it to yourself?

16:05:19 19 A. Starting with "Kindly also"?

16:05:22 20 Q. Yes.

16:05:22 21 A. "Kindly also have a look..."

16:05:25 22 Q. Oh, read it to yourself.

16:05:41 23 A. Ah. Yes.

16:05:41 24 Q. Okay. Are the statements there true;
16:05:44 25 the counsel you got was that making the sale

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16:20:24 1 it's Mr. [REDACTED]. Can you just tell me who Mr. [REDACTED]
16:20:27 2 is?

16:20:39 3 A. Mr. [REDACTED] is a prominent investor in tech
16:20:45 4 company -- companies, and my personal friend for over
16:20:54 5 ten years.

16:20:58 6 Q. Okay. Do you see your statement, which
16:21:01 7 appears to be on 14 August 2017 at 5:31, where you --
16:21:07 8 well, at 5:28 he mentions something about:

16:21:10 9 "... would you be open to putting
16:21:12 10 25 [million] worth of shares ... in exchange for
16:21:17 11 becoming a 25 [million] shareholder [in some other
16:21:22 12 entity that's redacted]?"

16:21:28 13 You say:

16:21:30 14 "Thanks for the trust! At this point
16:21:30 15 Telegram needs cash to keep buying more servers, but
16:21:31 16 I can start considering such ideas after we solve our
16:21:31 17 cash requirements."

16:21:32 18 Do you see that?

16:21:33 19 A. Yes.

16:21:34 20 Q. Was that statement true; that as of
16:21:38 21 14 August 2017 Telegram needed cash to keep buying
16:21:42 22 more servers? Was that true?

16:22:02 23 A. It is true that Telegram needed resources
16:22:04 24 to fund its growth. This has always been the case.

16:22:07 25 Q. Okay. And "the servers" refers to -- is

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16:22:13 1 that another way of saying "equipment," something we
16:22:15 2 had been discussing earlier, or something else?

16:22:26 3 A. Yes, servers are part of the equipment
16:22:32 4 expense category.

16:22:33 5 Q. Right. On the next page, please, there
16:22:37 6 appears to be a 3 September 2017 conversation. You'll
16:22:42 7 see the reference to September 3 at the bottom of
16:22:44 8 page 1. And then on the next page, at 11:02, you say:

16:22:55 9 [REDACTED] sounds like a great guy, but I've
16:22:55 10 decided against doing calls/meetings the rest of this
16:22:55 11 year. We're likely to abandon our immediate plans to
16:22:58 12 attract VC's capital unless somebody throws some
16:23:05 13 insane offer our way."

16:23:07 14 Do you see that?

16:23:07 15 A. Yeah.

16:23:08 16 Q. Can you explain what you meant at that
16:23:10 17 point in time, "immediate plans to attract VC's
16:23:14 18 capital"? What plans were those, or what were you
16:23:18 19 talking about?

16:23:21 20 A. I think in the context of this discussion,
16:23:46 21 and then also relevant to the previous question you
16:23:50 22 have asked me, it is important to note that [REDACTED]
16:24:01 23 is and was my personal friend, and the way I am
16:24:05 24 responding to his offers is a polite way intended not
16:24:13 25 to sound disrespectful or ungrateful. This is why in

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16:30:45 1 "Wouldn't it be fun to be in other's
16:30:48 2 companies. Alternative could also do \$25 million in
16:30:53 3 [REDACTED] for \$25 million of Telegram."

16:30:56 4 MR. TENREIRO: Okay. Thanks, Alex.

16:30:58 5 BY MR. TENREIRO:

16:31:00 6 Q. All right. So, Mr. Durov, I think -- just
16:31:02 7 to see if I can summarize your answer, I think you're
16:31:04 8 saying to me that Telegram needing cash to keep buying
16:31:08 9 more servers was one of the reasons you were
16:31:10 10 declining, but the other reason, which you don't
16:31:12 11 necessarily state because you're being polite, is you
16:31:16 12 don't like to invest in other companies other than
16:31:18 13 your own?

16:31:25 14 A. Yeah, the main reason is I never invest
16:31:32 15 in the -- I may have misunderstood his offer at that
16:31:36 16 specific moment in time and just assumed he was
16:31:39 17 inviting me to invest \$25 million, or something like
16:31:43 18 that. It's hard to say because it was more than two
16:31:48 19 years ago.

16:31:48 20 Q. Right. But independently of investing in
16:31:51 21 his company, you agree that Telegram at that point
16:31:57 22 needed cash to keep buying servers, I think you said,
16:32:02 23 that that's always been the case?

16:32:03 24 A. Yes.

16:32:03 25 Q. Okay. Then on the next page, where you

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16:48:00 1 A. Okay. Mmm-hmm.

16:48:01 2 Q. There is a part that says "30 October
16:48:05 3 2017."

16:48:07 4 A. Mmm-hmm.

16:48:07 5 Q. There's a statement from Mr. [REDACTED], and
16:48:11 6 then you say:

16:48:13 7 "It should work. There are no IR people
16:48:15 8 in my team, just myself. Of course, I can bring along
16:48:19 9 a dude who is willing to help investors (ex COO of VK,
16:48:24 10 founded Blackmoon, raised 30 [million] for
16:48:27 11 Blackmooncrypto last month)."

16:48:30 12 Do you see that?

16:48:30 13 A. Yeah.

16:48:31 14 Q. Can you tell me who that "dude" is?

16:48:50 15 A. I was trying to describe Ilia --

16:49:02 16 Q. Okay.

16:49:03 17 A. -- and his accomplishments to the extent
16:49:09 18 that I understand them.

16:49:10 19 Q. Right. I just wanted to make sure of
16:49:14 20 that. So it was Mr. Perekopsky who you are referring
16:49:18 21 to there?

16:49:19 22 A. Yes. I was talking about him, although
16:49:25 23 I may have been confused about his exact track record,
16:49:33 24 but he was definitely ex COO of VK.

16:49:39 25 Q. And what were you confused about?

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16:49:41 1 A. I mean, there's -- his involvement with
16:49:55 2 the company Blackmoon, or it is Blackmoon Capital, or
16:50:02 3 something like that, I'm not certain, and there is
16:50:04 4 also Blackmoon Crypto in which my understanding is he
16:50:15 5 was playing a more passive role and acted maybe as an
16:50:21 6 advisor or like a person publicly supporting that
16:50:34 7 project.

16:50:41 8 As I realized later, his involvement with
16:50:44 9 Blackmoon Crypto was limited and it wouldn't be
16:50:49 10 accurate probably to say that he could take the credit
16:50:52 11 for raising 30 million for Blackmoon Crypto.

16:51:00 12 Q. What was the source of your confusion back
16:51:02 13 then?

16:51:07 14 A. I'm not 100 percent certain I was
16:51:10 15 confused. I may have been trying to show [REDACTED]
16:51:32 16 that Ilia had certain experience, at least at some
16:51:44 17 level of depth, in relation to blockchain. That is
16:51:54 18 why I could have mentioned that he raise 30 million
16:52:04 19 for Blackmoon Crypto, although it is obvious that now
16:52:10 20 that there are other -- and there were other members
16:52:15 21 in that team that were more instrumental to the
16:52:19 22 success of that project.

16:52:29 23 Q. Okay. Going back to Exhibit 21, the
16:52:33 24 two-page document that we were talking about --

16:52:36 25 MR. DRYLEWSKI: Are you done with this

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17:07:17 1 Q. And is it fair to say that Mr. Perekopsky
17:07:21 2 and Mr. Hyman obtained consent from Telegram to use
17:07:25 3 the marketing materials such as the one on Exhibit 22,
17:07:31 4 which was the two-page teaser?

17:07:43 5 A. They probably did that or tried to do
17:07:45 6 that.

17:07:46 7 Q. Okay. Do you have any reason to believe
17:07:47 8 that Telegram did not give its consent to the use of
17:07:51 9 Exhibit 22?

17:07:52 10 MR. DRYLEWSKI: Objection to form.

17:08:07 11 To clarify that, are you saying consent
17:08:09 12 pursuant to this agreement?

17:08:10 13 MR. TENREIRO: Any consent.

17:08:11 14 MR. DRYLEWSKI: Thank you.

17:08:22 15 THE WITNESS: It's part -- it was a long
17:08:24 16 time ago, but it must be said that this two-pager
17:08:32 17 reflects our thinking and plans at a certain point in
17:08:41 18 time in late 2017, so I can't say it contains any
17:08:49 19 information which, at the time, could have been
17:09:13 20 regarded as false.

17:09:14 21 MR. TENREIRO: Okay. I'm going to ask
17:09:16 22 the court reporter to mark the next three exhibits,
17:09:18 23 please.

17:09:19 24 (Exhibit 47 marked for identification.)

17:09:21 25 (Exhibit 48 marked for identification.)

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17:09:26 1 MR. DRYLEWSKI: It's been 15 minutes since
17:09:28 2 we talked about taking a break.

17:09:30 3 MR. TENREIRO: Let me just mark these.
17:09:33 4 You said 15 to 20. I just want to see if we can get
17:09:36 5 these out of the way.

17:09:37 6 MR. DRYLEWSKI: Sure.

17:09:37 7 Is that okay?

17:09:38 8 THE WITNESS: Sure.

17:10:09 9 (Exhibit 49 marked for identification.)

17:10:11 10 BY MR. TENREIRO:

17:10:12 11 Q. The only question I have, and of course
17:10:13 12 take your time to look at these, is, as you'll see,
17:10:16 13 Exhibits 47, 48 and 49 are three primers: one of them
17:10:22 14 says "Primer," that's 47; 48 says "Pre-sale Primer"
17:10:30 15 and it's dated January 18, '18; and "Stage A Primer,"
17:10:34 16 which is Exhibit 49, says 21 February 2018.

17:10:37 17 My question is can you tell me the date of
17:10:40 18 Exhibit 47, the primer? It's not dated so I'm trying
17:10:45 19 to figure out the date.

17:11:28 20 Or maybe the question is do you know if
17:11:29 21 this one came before the pre-sale primer or after the
17:11:35 22 Stage A primer? Can you approximate that at least?

17:12:03 23 A. If I have to guess, I think it's a
17:12:07 24 version, an early version that came before pre-sale
17:12:10 25 primer, and we iterated, you know, work on the primer

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17:12:26 1 and we had hundreds, if not thousands, of versions; so
17:12:29 2 it's hard to tell which exactly is that.

17:12:31 3 Q. Right. But as the corporate
17:12:33 4 representative for Telegram, though, if I wanted to
17:12:36 5 find out the date of this document, which is
17:12:38 6 Exhibit 47, is there another person that might have
17:12:41 7 knowledge, or is there something you could refer to to
17:12:44 8 get a more exact date?

17:12:58 9 A. The problem is we had hundreds of
17:13:01 10 different versions and they could differ from each
17:13:04 11 other by one or two words, and so without thoroughly
17:13:09 12 analyzing this document word by word and comparing it
17:13:17 13 with the versions, it's extremely difficult to point
17:13:23 14 a moment in time when it was relevant, but it was
17:13:26 15 definitely before the pre-sale primer.

17:13:29 16 Q. Okay, thank you. I appreciate that.
17:13:31 17 So is it fair to say that these primers
17:13:34 18 were used by Telegram in connection with the offer and
17:13:37 19 sale of Grams that we're discussing today?

17:13:45 20 MR. DRYLEWSKI: Objection to form.

17:13:55 21 THE WITNESS: I can confirm with a high
17:13:57 22 degree of certainty that we used the Exhibit 48 and
17:14:01 23 Exhibit 49 during the private placement, although,
17:14:15 24 to be fully certain, again I would have to analyze it
17:14:18 25 word by word.

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17:17:17 1 MR. DRYLEWSKI: Sure.

17:17:17 2 THE VIDEOGRAPHER: We are going off the
17:17:18 3 record. The time is 5:16.

17:17:24 4 (Off the record.)

17:37:14 5 (Exhibit 50 marked for identification.)

17:37:14 6 THE VIDEOGRAPHER: We are back on record.
17:37:15 7 The time is 5:36.

17:37:22 8 BY MR. TENREIRO:

17:37:23 9 Q. Mr. Durov, here is Exhibit 50, which the
17:37:27 10 court reporter marked during the break. Please just
17:37:30 11 -- my question is if you recognize this document and,
17:37:34 12 if so, please tell me what it is.

17:37:37 13 The Bates number is 12-15925.

17:38:14 14 Do you recognize it?

17:38:16 15 A. Yes.

17:38:16 16 Q. What is the document?

17:38:29 17 A. I think this is a document that gives an
17:38:36 18 overview of Telegram's history and business activity
17:38:47 19 and, from what I can tell, may have been included in
17:38:53 20 the briefing pack that we would share with banking
17:38:59 21 institutions in order to expand our banking
17:39:02 22 relationships.

17:39:02 23 Q. Okay. Do you know who prepared the
17:39:07 24 document?

17:39:10 25 A. Did I prepare it?

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17:39:13 1 Q. No. Do you know who prepared it?

17:39:17 2 A. Well, I did, yeah.

17:39:18 3 Q. You did, okay.

17:39:18 4 A. Yeah.

17:39:19 5 Q. And in terms of -- again, I don't have

17:39:21 6 a date. I don't mean to, you know, sort of put you on

17:39:25 7 a memory test. Just if you can tell me what the date

17:39:29 8 is approximately of this document, can you do that?

17:40:08 9 Can I direct you to page 6 of 8, if that

17:40:12 10 helps.

17:40:13 11 A. 6.

17:40:15 12 Q. At the top.

17:40:17 13 A. Ah, yes.

17:40:56 14 If I had to guess, this document was

17:41:00 15 drafted somewhere in late 2018 or early 2019.

17:41:07 16 Q. Okay. And as far as you know, are the

17:41:09 17 statements in this document correct?

17:41:12 18 MR. DRYLEWSKI: You want him to verify

17:41:14 19 every statement in the document?

17:41:15 20 MR. TENREIRO: Well, I'm just saying

17:41:18 21 generally speaking. I'm not -- he prepared it and

17:41:20 22 used it for banking relationships, I think he can

17:41:23 23 testify generally if his understanding is that the

17:41:25 24 statements are true.

17:41:28 25 THE WITNESS: Since this document was

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17:43:22 1 to contact anyone at the SEC?

17:43:44 2 MR. DRYLEWSKI: Objection; form.

17:43:52 3 THE WITNESS: You mean before which date?

17:43:55 4 BY MR. TENREIRO:

17:43:56 5 Q. Before the date of -- when you began the
17:43:59 6 private placement.

17:44:13 7 A. By beginning the private placement, do you
17:44:15 8 mean our first interactions with potential purchasers?

17:44:18 9 Q. Yes.

17:44:41 10 A. I think at that period in time we were
17:44:46 11 still in the process of finalizing the contours of the
17:44:50 12 private placement and we were doing a lot of research
17:45:01 13 and exploratory work, so we didn't -- so I don't
17:45:08 14 believe we reached out to the Securities and Exchange
17:45:21 15 Commission at that point, as we thought it was too
17:45:27 16 early due to the fact that we didn't know specifically
17:45:37 17 what we would be doing.

17:45:41 18 Q. Okay. And how about before you signed the
17:45:46 19 first purchase agreement?

17:45:48 20 I believe you, Mr. Durov, kind of signed
17:45:53 21 all the purchase agreements; is that correct?

17:45:55 22 A. Yes.

17:45:56 23 Q. Okay. So before you, Mr. Durov, signed
17:45:58 24 the first purchase agreement, did you or anyone else
17:46:00 25 at Telegram reach out to the SEC with respect to the

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17:46:37 1 private placement?

17:46:37 2 A. I don't think we reached out to the SEC
17:46:40 3 before I signed the first purchase agreement. The way
17:46:44 4 we designed it is, the private placement, was that we
17:46:59 5 reserved a lot of flexibility to how the project and
17:47:10 6 its parts could look like, and this flexibility is
17:47:17 7 reflected in the purchase agreements and its
17:47:20 8 appendices.

17:47:36 9 That gave us a comfort of knowing that
17:47:44 10 we would be able to change certain, if not all,
17:47:49 11 aspects of what we're trying to build based on the
17:47:59 12 feedback that we could receive from the regulators,
17:48:04 13 including the SEC, in the following months.

17:48:08 14 Q. So is it fair to say the answer to my
17:48:10 15 question is no, you do not?

17:48:13 16 A. No; that was the first sentence,
17:48:17 17 I believe.

17:48:17 18 Q. Okay. Now, in terms of the remainder of
17:48:21 19 your answer and the flexibility, is it fair to say
17:48:24 20 that you today still retain that flexibility to
17:48:46 21 change ...

17:48:48 22 Right. Is it fair to say that -- so you
17:48:48 23 said the way you designed it was that you had
17:48:52 24 flexibility to change some features of the project.
17:49:03 25 Is it fair to say that you, to this day, retain that

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17:49:06 1 flexibility to change features of how a project might
17:49:11 2 look like in the future?

17:49:12 3 A. That's correct.

17:49:12 4 Q. I mean, just as one example, I think at
17:49:15 5 some point originally there was at least the idea
17:49:17 6 conveyed to investors that TON Wallet might be
17:49:23 7 integrated into Messenger, but in Exhibit 38, which we
17:49:27 8 began the morning with, which was the statement that
17:49:29 9 you posted yesterday, there is a statement that TON
17:49:35 10 Wallet will no longer be integrated into Messenger;
17:49:38 11 is that correct?

17:49:38 12 MR. DRYLEWSKI: Objection to form.
17:49:40 13 Objection to the characterization of the document.

17:49:45 14 THE WITNESS: I believe in that
17:49:46 15 announcement we made clear that the Wallet would not
17:49:51 16 be integrated into the Messenger applications at
17:49:55 17 launch.

17:49:56 18 BY MR. TENREIRO:

17:49:56 19 Q. Right.

17:50:05 20 A. And we reserved the right to do that
17:50:08 21 later, subject to regulatory approval.

17:50:10 22 Q. Right. Thank you. Thanks for clarifying.

17:50:13 23 "Telegram may integrate the TON Wallet
17:50:15 24 application with the Telegram Messenger service in the
17:50:17 25 future, to the extent permitted under applicable law

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17:50:20 1 and governmental authorities."

17:50:22 2 I just read that from Exhibit 38.

17:50:25 3 A. Yeah.

17:50:25 4 Q. Is that what you were referring to?

17:50:27 5 A. Correct.

17:50:27 6 Q. Okay. So that's one example of where you
17:50:30 7 retained flexibility, and retain flexibility today,
17:50:33 8 in terms of how you structure the TON Blockchain and
17:50:37 9 surrounding ecosystem? Is that one example?

17:50:41 10 A. That's one example. The other, I think,
17:50:54 11 even more relevant example is when we received
17:50:56 12 feedback from the SEC in relation to the contemplated
17:51:10 13 Gram-buying function of the TON Foundation that may be
17:51:17 14 established in the future, and we understood that the
17:51:27 15 SEC was concerned with that function, and although we
17:51:40 16 might not fully -- might not have fully understood or
17:51:48 17 agreed with that view, we instantly changed our plans,
17:52:09 18 and at a certain point in time later informed all the
17:52:13 19 private placement purchasers about this change.

17:52:16 20 Q. Thank you. And is another example of
17:52:19 21 where you have some flexibility the existence of or
17:52:24 22 the parameters for functioning of the TON Foundation?
17:52:27 23 Is that another example?

17:52:29 24 A. Yes. I believe that flexibility is
17:52:34 25 allowed for in the risk factors of appendix to the

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17:52:46 1 primer. I just wanted to use this example to
17:52:49 2 demonstrate our ability to react to input from
17:52:57 3 regulators.

17:52:58 4 Q. Right. No, fair enough. And I'm just --
17:53:00 5 I appreciate that. I'm just now trying to get a sense
17:53:04 6 more broadly of what flexibility and where there is
17:53:08 7 flexibility.

17:53:09 8 So I think we talked about the integration
17:53:11 9 of the TON Wallet, we talked about the buying --
17:53:16 10 formally the buying function, the existence of the
17:53:18 11 TON Foundation, and so is the -- do you retain
17:53:22 12 flexibility, for example, as to whether Telegram --
17:53:25 13 I'm sorry, as to the amount of Grams, after launch,
17:53:31 14 that Telegram and/or yourself might retain? Is there
17:53:35 15 flexibility on that point as well?

17:53:57 16 A. I believe so, although I don't remember
17:54:00 17 ourselves planning to have Telegram as a holder of
17:54:15 18 Grams post launch.

17:54:17 19 Q. You mean it would be the TON Foundation or
17:54:19 20 the TON Reserve if there were Grams left; is that what
17:54:23 21 you mean?

17:54:24 22 A. Yes, a function should go to a distinct,
17:54:40 23 separate, not-for-profit entity, TON Foundation.

17:54:50 24 Q. Right. And I think that -- I believe,
17:54:51 25 correct me if I am wrong, that the plan has been that

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20:44:51 1 payments to people hired to do finders' fees, or
20:44:53 2 entities hired to do finders' fees?

20:44:55 3 MR. DRYLEWSKI: Sorry, just so the record
20:44:57 4 is clear, the "yes" in the last question was no, you
20:44:59 5 would not characterize them in that way; is that
20:45:02 6 right?

20:45:04 7 THE WITNESS: Yeah, can we repeat this
20:45:06 8 last question?

20:45:06 9 MR. DRYLEWSKI: Yeah, sorry, I just want
20:45:07 10 to make sure the record is clear.

20:45:09 11 MR. TENREIRO: That's how I understood it
20:45:11 12 but let's try again.

20:45:12 13 BY MR. TENREIRO:

20:45:12 14 Q. The payments that we discussed earlier to
20:45:14 15 entities such as Da Vinci or Gem Limited, which had
20:45:20 16 directors in common with investors, you would not
20:45:23 17 characterize those payments as payments to investors;
20:45:27 18 am I correct?

20:45:30 19 A. You're correct, I would not characterize
20:45:32 20 these payments as payments to investors.

20:45:38 21 Q. Okay. You would -- and then I was going
20:45:40 22 to follow up and say you would characterize those as
20:45:43 23 payments to people making finders' fees; is that
20:45:47 24 correct?

20:45:47 25 MR. DRYLEWSKI: Objection to form.

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20:45:48 1 BY MR. TENREIRO:

20:45:49 2 Q. To entities making finders' fees.

20:45:52 3 MR. DRYLEWSKI: Still objection to form.

20:45:53 4 MR. TENREIRO: What's your objection?

20:45:55 5 MR. DRYLEWSKI: "Entities making finder
20:45:57 6 fees."

20:45:58 7 BY MR. TENREIRO:

20:45:58 8 Q. Okay. You would characterize those as
20:45:59 9 payments to entities with respect to finders' fees?

20:46:19 10 A. Correct.

20:46:21 11 MR. TENREIRO: Okay. Let's take a look at
20:46:22 12 what was marked as Exhibit 63, TLGRM-14-12081, which
20:46:28 13 are certain versions of [REDACTED] bank records
20:46:32 14 that you've produced.

20:46:33 15 (Exhibit 63 marked for identification.)

20:46:51 16 THE WITNESS: Okay.

20:46:51 17 BY MR. TENREIRO:

20:46:52 18 Q. So if you take a look at -- starting on
20:46:55 19 page 13 of 62, it says it at the top -- actually,
20:47:10 20 I'm sorry. Go to page 16 of 62. If you'd please go
20:47:16 21 to 16.

20:47:16 22 A. 16.

20:47:27 23 Q. Do you see there, on May 4, 2018, there's
20:47:31 24 a credit into Telegram of slightly over \$14 million
20:47:35 25 from Disruptive Era Fund SP of ITI Funds?

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10:28:16 1 MR. DRYLEWSKI: Objection to form.

10:28:18 2 Do you mean Telegram's testing? Because
10:28:20 3 there's also a testnet, I just want to be clear.

10:28:25 4 MR. TENREIRO: Telegram's testing,
10:28:27 5 mmm-hmm.

10:28:28 6 MR. DRYLEWSKI: Okay.

10:28:29 7 Objection to form. Objection to
10:28:34 8 foundation.

10:28:57 9 THE WITNESS: We consider the testing of
10:29:06 10 the core components of the TON network to be complete;
10:29:21 11 however, certain additional functionality of TON, that
10:29:35 12 would be nice to have, but that would not be necessary
10:29:42 13 for the launch. It's still required and that is the
10:29:57 14 kind of testing that we are focused on right now.

10:30:04 15 BY MR. TENREIRO:

10:30:04 16 Q. So let me take it in steps. Some of the
10:30:06 17 functionality that would be nice to have but not
10:30:08 18 required, can you be more specific about what you
10:30:11 19 mean, what functionalities?

10:30:14 20 MR. DRYLEWSKI: And just for the record,
10:30:15 21 about which topic are we in right now?

10:30:18 22 MR. TENREIRO: I think this is -- hold on
10:30:20 23 a second.

10:30:31 24 MR. DRYLEWSKI: I'll answer my own
10:30:33 25 question. Is it 13?

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10:30:34 1 MR. TENREIRO: I think so. I just have to
10:30:36 2 get to it. Yeah, 13, exactly.

10:30:38 3 MR. DRYLEWSKI: Okay. Thank you.

10:30:52 4 THE WITNESS: The functionality that
10:30:54 5 would be nice to have but is not necessary for the
10:31:00 6 launch includes such components as TON VPN, TON
10:31:21 7 Storage and TON Proxy.

10:31:24 8 BY MR. TENREIRO:

10:31:25 9 Q. So those are components that are still
10:31:27 10 being developed or tested; is that correct?

10:31:32 11 A. These components are still being refined
10:31:34 12 and tested.

10:31:35 13 Q. Okay. And in terms of the funds, from the
10:31:44 14 beginning of the private placement to today, how much
10:31:49 15 has Telegram spent on developing the TON Blockchain?
10:31:53 16 How much money?

10:32:34 17 A. I think, as I pointed out yesterday,
10:32:41 18 there's distinction between funds spent on developing
10:32:54 19 TON and funds spent on supporting Telegram Messenger.
10:33:08 20 It was not entirely possible to achieve due to the
10:33:12 21 fact that the same equipment and the same team could
10:33:24 22 have been employed for both purposes. And internally,
10:33:44 23 because of the nature of the Use of Funds section
10:33:55 24 included in the offering materials, and -- we didn't
10:34:15 25 see any reason to add complexity by differentiating

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10:34:25 1 between those kinds of expenses.

10:34:28 2 Q. How about your time working for Telegram
10:34:33 3 since the beginning of the private placement, how have
10:34:37 4 you divided your time, like percentage-wise, between
10:34:42 5 work you're doing for Telegram Messenger and work
10:34:45 6 you're doing for developing the TON Blockchain?

10:34:47 7 MR. DRYLEWSKI: This is his --

10:34:49 8 MR. TENREIRO: Pavel Durov, yes.

10:34:50 9 MR. DRYLEWSKI: -- personal capacity?

10:34:53 10 Thank you.

10:35:11 11 THE WITNESS: It's hard to say because it
10:35:14 12 depends on the specific periods of time throughout the
10:35:20 13 last two and a half years. I can say that I started
10:35:35 14 to spend significantly more time on work-related
10:35:49 15 processes, both TON and Telegram related, since we
10:36:04 16 started the TON project.

10:36:24 17 Certain activities that took a significant
10:36:31 18 amount of my time and energy were TON related. Among
10:36:47 19 those activities that not only consumed a lot of time
10:36:57 20 but also were unusual for me and demanding, in terms
10:37:18 21 of energy and effort, were almost constant interaction
10:37:35 22 with various legal counsel and advisors,
10:37:48 23 representatives of financial institutions and,
10:38:04 24 to a certain extent, dealing with investors.

10:38:18 25 This comes on top of my involvement in the

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10:38:31 1 development process of TON, and all of these
10:38:39 2 activities that I just mentioned, constant
10:38:44 3 interactions with lawyers, advisors, with bankers and
10:38:48 4 investors, were purely, or, for the most part,
10:38:58 5 TON related. This is why I consider a very
10:39:10 6 significant part of my energy to have been spent on
10:39:21 7 TON-related workstreams.

10:39:25 8 BY MR. TENREIRO:

10:39:25 9 Q. TON-related?

10:39:27 10 A. Workstreams.

10:39:28 11 MR. DRYLEWSKI: Workstreams.

10:39:29 12 MR. TENREIRO: Workstreams, okay.

10:39:29 13 BY MR. TENREIRO:

10:39:30 14 Q. The TON Wallet is an application that
10:39:33 15 might be used in connection with the TON Blockchain,
10:39:36 16 correct? That are interacting with the TON
10:39:41 17 Blockchain?

10:39:41 18 A. Yes.

10:39:41 19 Q. And that's an application that Telegram
10:39:43 20 has developed?

10:39:53 21 A. Yes.

10:39:54 22 Q. And am I correct in understanding from
10:39:56 23 your testimony that after the launch of the
10:39:59 24 TON Blockchain, Telegram will expend no efforts or
10:40:04 25 expenses with respect to the TON Wallet application,

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10:40:07 1 for example to fix bugs or anything of that nature,
10:40:10 2 or host it on your servers?

10:40:13 3 MR. DRYLEWSKI: Objection to form.

10:40:26 4 THE WITNESS: It is worth noting that
10:40:28 5 TON Wallet is just one of the potential
10:40:40 6 implementations of a smart contract and client-side
10:40:54 7 user interface required for users to be able to
10:41:09 8 transfer Grams to each other post launch.

10:41:18 9 There are other, as far as I know,
10:41:28 10 implementations that were built and are maintained by
10:41:37 11 third-party developers; however, it is fair to say
10:41:49 12 that at this moment in time the TON Wallet
10:42:03 13 implementation built by our team is the most advanced
10:42:08 14 and user-friendly.

10:42:34 15 If Telegram decides to integrate
10:42:41 16 TON Wallet into Telegram Messenger in the future,
10:42:53 17 subject to regulatory approval, we may fix certain
10:43:16 18 security issues if we are ever alerted to any, or
10:43:26 19 if we ever uncover any in the Telegram Messenger
10:43:34 20 application that would, at that moment in time,
10:43:38 21 include TON Wallet as part of it.

10:43:45 22 BY MR. TENREIRO:

10:43:45 23 Q. So are you saying that if you do not
10:43:47 24 integrate TON Wallet into Telegram Messenger, Telegram
10:43:50 25 is going to walk away from TON Wallet and not make any

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11:00:37 1 BY MR. TENREIRO:

11:00:37 2 Q. And after the launch of the
11:00:41 3 TON Blockchain, Telegram would continue to develop
11:00:46 4 Messenger and try to grow Messenger; is that right?

11:01:06 5 MR. DRYLEWSKI: Objection to scope.

11:01:07 6 THE WITNESS: Our vision for Telegram
11:01:10 7 Messenger is to provide the best customer experience.
11:01:29 8 In messaging and other related areas, user growth
11:01:35 9 comes as an inevitable byproduct of that vision.
11:01:46 10 It is our current plan to continue improving and
11:02:05 11 expanding the services provided by Telegram
11:02:15 12 Messenger's -- Messenger to its users.

11:02:17 13 BY MR. TENREIRO:

11:02:18 14 Q. And sitting here today, upon the launch of
11:02:21 15 the TON Blockchain, what percentage of the 5 billion
11:02:25 16 Grams to be issued will Telegram or its employees
11:02:28 17 hold?

11:03:55 18 A. The exact number of Grams, if any,
11:04:05 19 is still being discussed and refined. When we started
11:04:13 20 thinking about this distribution in late 2017,
11:04:28 21 we looked at the distribution of tokens in similar
11:05:17 22 blockchain projects at the time and, based on what
11:05:26 23 we saw in those other projects, we thought it would be
11:05:42 24 appropriate to consider distributing 4 percent of the
11:05:55 25 5 billion Grams that would be issued at launch as

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11:37:30 1 questions but the answer continues to be we're still
11:37:34 2 evaluating, so --

11:37:35 3 MR. DRYLEWSKI: I didn't hear that with
11:37:37 4 respect to the question you just asked.

11:37:38 5 MR. TENREIRO: Well, with respect to the
11:37:40 6 other things it's been that, so I'm not sure that
11:37:42 7 that's going to do it. I'm not sure what the
11:37:45 8 hesitation is on the percentage that has been sold.

11:37:48 9 MR. DRYLEWSKI: It's not a hesitation.
11:37:49 10 It's making sure -- he just wants to be accurate.
11:37:51 11 He is speaking on behalf of the company right now.

11:37:53 12 Let's take a very quick break and we will
11:37:56 13 get you the answer you need.

11:37:58 14 MR. TENREIRO: Go ahead.

11:37:59 15 THE VIDEOGRAPHER: We are going off the
11:38:00 16 record. The time is 11:37.

11:38:03 17 (Off the record.)

11:44:11 18 THE VIDEOGRAPHER: We are back on record.
11:44:12 19 The time is 11:44.

11:44:14 20 BY MR. TENREIRO:

11:44:14 21 Q. Okay. Mr. Durov, what percentage of Grams
11:44:18 22 were sold -- of the 5 billion that were contemplated
11:44:21 23 to be issued, what percentage were sold in the private
11:44:24 24 placement?

11:44:24 25 A. 58 percent.

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11:44:25 1 Q. Okay. And the remaining 42 percent,
11:44:30 2 who currently, as we sit here today, will have the
11:44:34 3 authority to decide what to do and how to allocate the
11:44:38 4 remainder of the 42 percent?

11:45:06 5 A. The creators of the network will be
11:45:09 6 responsible for the distribution mechanism at launch.

11:45:21 7 Q. So the creators of the network, you mean
11:45:26 8 Telegram?

11:45:26 9 A. Yes.

11:45:26 10 Q. Okay. And moving on to a separate topic
11:45:31 11 or, I guess, just moving on from this line of
11:45:33 12 questioning, I think yesterday we talked about whether
11:45:38 13 Telegram or its employees may take part in voting or
11:45:42 14 validation. Do you recall generally we talked about
11:45:45 15 that a little bit?

11:45:45 16 A. Yes.

11:45:46 17 Q. And I think you said in your public notice
11:45:49 18 of the 6th, which I think was Monday, and if you want
11:45:53 19 to refer to it, it's Exhibit 38, but you said,
11:45:58 20 you know, Telegram and its employees --
11:46:00 21 I'm paraphrasing -- will not take part in voting or
11:46:02 22 validating in connection with the TON Blockchain.
11:46:05 23 This voluntary decision was made in order to avoid any
11:46:07 24 perception that Telegram or its employees can or will
11:46:10 25 exercise control over the TON Blockchain following its

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11:46:13 1 launch.

11:46:15 2 Does that sound more or less like what you
11:46:18 3 said?

11:46:18 4 A. Yes.

11:46:18 5 Q. Okay. Now, at some point, though, prior,
11:46:22 6 Telegram's employees were -- it was contemplated that
11:46:27 7 they could participate in validating up to a certain
11:46:31 8 percentage of Grams available; is that not correct?

11:46:43 9 MR. DRYLEWSKI: Sorry, could I have that
11:46:44 10 question read back. I want to know if I need to
11:46:47 11 object.

11:47:01 12 (Whereupon, the record was read back by
11:47:02 13 the court reporter.)

11:47:02 14 MR. DRYLEWSKI: Okay. I wanted to know if
11:47:04 15 you said "disclosed" or "contemplated." I do not
11:47:08 16 object.

11:47:48 17 THE WITNESS: If I remember it right, when
11:48:10 18 we were drafting our plans in relation to the
11:48:12 19 distribution of Grams -- and those plans were drafted
11:48:20 20 in, I believe, 2017, or started to be drafted in
11:48:27 21 2017 -- we didn't specifically emphasize in those
11:48:52 22 plans that we would limit the holders of this
11:49:13 23 hypothetical 4 percent from participating in
11:49:22 24 validation.

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12:01:29 1 Europe and Asia.

12:01:30 2 BY MR. TENREIRO:

12:01:30 3 Q. Okay. The line that's -- speaking of,
12:01:32 4 when was the last time you were in the United States?

12:01:38 5 MR. DRYLEWSKI: That's obviously not
12:01:39 6 a 30(b)(6) question, right?

12:01:41 7 MR. TENREIRO: Yes.

12:01:43 8 THE WITNESS: I believe it was 2016.

12:01:45 9 BY MR. TENREIRO:

12:01:45 10 Q. Okay. And you had a trip planned to the
12:01:47 11 US sometime in late 2017/early 2018 that you had to
12:01:52 12 cancel. Do you recall that? Or do you --
12:01:57 13 perhaps it may be better to say you were contemplating
12:01:59 14 traveling to the United States based on some of the
12:02:02 15 messages in the chats that you've produced.

12:02:05 16 Do you recall that?

12:02:10 17 A. I was considering the possibility to
12:02:12 18 travel to the United States in late 2017.

12:02:16 19 Q. And why haven't you?

12:02:35 20 A. Primarily, due to the changes in my
12:02:45 21 schedule and the fact that there didn't seem to be
12:03:07 22 a reason for me to go to the United States other than
12:03:13 23 catching up with friends.

12:03:16 24 Q. Back to Exhibit 41. The line that says
12:03:21 25 "Colocation" --

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12:03:24 1 A. Yes.

12:03:24 2 Q. -- what is that, just explain in your own
12:03:42 3 words, please?

12:03:42 4 A. Colocation means expenses related to
12:03:56 5 paying for renting space in data centers to host the
12:04:15 6 server and networking equipment.

12:04:18 7 Q. And how many such data centers do you have
12:04:21 8 relationships with?

12:04:23 9 MR. DRYLEWSKI: Objection; scope.

12:04:31 10 MR. TENREIRO: So this relates to the Use
12:04:33 11 of Funds but I note your objection.

12:04:37 12 THE WITNESS: Just a few of them. A small
12:04:40 13 number.

12:04:40 14 BY MR. TENREIRO:

12:04:41 15 Q. So less than ten?

12:04:42 16 A. Yes.

12:04:42 17 Q. Okay. All right. We can set that aside.
12:04:50 18 Oh, and I think you said that you recently -- or
12:04:52 19 Telegram recently established a banking relationship
12:04:55 20 with [REDACTED]

12:04:58 21 [REDACTED]. Is that
12:05:03 22 accurate?

12:05:04 23 A. I am not certain of the status of our
12:05:07 24 current relationship with [REDACTED]. I am aware
12:05:17 25 that the process of establishing a relationship has

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12:06:52 1 question.

12:06:52 2 MR. TENREIRO: Well, I mean, Telegram
12:06:54 3 obviously had a role.

12:06:57 4 THE WITNESS: Yes, I had some degree of
12:07:03 5 involvement in that process.

12:07:04 6 BY MR. TENREIRO:

12:07:04 7 Q. Okay. And what factors did you consider
12:07:12 8 in terms of deciding how much to allocate -- so let me
12:07:16 9 strike that.

12:07:17 10 What factors did Telegram consider
12:07:18 11 in terms of deciding, just for that pre-sale round,
12:07:23 12 you know, how much to allocate to which investor?

12:08:05 13 A. We looked at factors such as reputation
12:08:11 14 and sophistication of potential purchasers as well as
12:08:16 15 their experience in technology-related investments.

12:08:27 16 Q. Anything else?

12:08:41 17 A. Those were the main factors but,
12:08:50 18 of course, if I had a personal relationship with
12:08:59 19 an investor that happened to, at the same time, have
12:09:07 20 established a good reputation and brand, meaning
12:09:22 21 personal brand or the brand of the fund, that would
12:09:27 22 also be a factor because I could have the comfort of
12:09:59 23 knowing these people also as human beings as opposed
12:10:08 24 to businessmen.

12:10:11 25 MR. TENREIRO: Sure. Let's just look real

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12:29:32 1 what you ...

12:29:33 2 BY MR. TENREIRO:

12:29:33 3 Q. Yes. What part of my question is
12:29:36 4 confusing you?

12:29:44 5 A. What exactly do you mean by restricting
12:30:08 6 the Grams to be resold, because I believe this is
12:30:20 7 exactly what is put into the purchase agreements and
12:30:23 8 related materials.

12:30:25 9 Q. When the initial purchasers receive --
12:30:31 10 let's talk about initial purchasers, for example, in
12:30:34 11 Stage A. When they receive their Grams upon launch,
12:30:37 12 will they be able to transfer those Grams for any
12:30:40 13 purpose whatsoever, including selling them to third
12:30:43 14 parties, as currently -- as the plans are currently
12:30:53 15 contemplated?

12:30:54 16 A. Does this question relate to Stage A or
12:30:57 17 pre --

12:30:58 18 Q. Stage A.

12:30:59 19 A. Stage A?

12:31:00 20 Q. Mmm-hmm.

12:31:09 21 A. I believe that Stage A investors, once and
12:31:15 22 if they are issued Grams, are free to spend these
12:31:35 23 Grams in any way they deem necessary.

12:31:46 24 Q. Okay. And my question is why did
12:31:49 25 Telegram -- why hasn't Telegram contemplated

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12:54:30 1 BY MR. TENREIRO:

12:54:30 2 Q. Okay. And in terms of the costs -- so did
12:54:35 3 you -- did Telegram have sort of a policy in place of
12:54:42 4 asking -- and I understand that there were some
12:54:44 5 representations in the purchase agreements about
12:54:47 6 intentions, but was there -- there's nothing in the
12:54:50 7 purchase agreement that requires the purchaser
12:54:55 8 to commit themselves to act as validators, correct?

12:55:00 9 A. That is correct.

12:55:00 10 Q. Okay. So, therefore, was there any sort
12:55:04 11 of practice that Telegram had, or some directive by
12:55:07 12 the company to the employees, that were marketing the
12:55:11 13 offering, the private placement, to ask potential
12:55:14 14 investors whether they planned to -- regardless of
12:55:17 15 whether they could afford it, but whether they planned
12:55:20 16 to, you know, have a continual commitment to
12:55:23 17 100 percent uptime, for example?

12:55:41 18 A. As a matter of policy, Telegram employees
12:55:43 19 were not obliged to ask potential purchasers whether
12:55:51 20 they would like to commit to becoming validators
12:56:00 21 post-launch. It is worth adding in this context that
12:56:19 22 a continual commitment to 100 percent uptime for
12:56:28 23 validators is something that validators are expected
12:56:42 24 to naturally be interested in having, because this
12:56:50 25 100 percent uptime would allow them to maximize the

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12:57:04 1 number of Grams they may be able to earn by signing
12:57:25 2 a larger number of transactions and validator --
12:57:34 3 larger number of new blocks in the network. So they
12:57:43 4 were intended to be commercially incentivized to have
12:57:56 5 this commitment, and in that context I don't believe
12:58:11 6 that insistence on such a continual commitment to
12:58:16 7 100 percent uptime would be relevant or significant.

12:58:19 8 Q. What percentage of Telegram's investors in
12:58:22 9 the private placement have ever acted as validators
12:58:24 10 for blocks on other blockchains?

12:58:33 11 MR. DRYLEWSKI: Objection; scope.

12:58:37 12 MR. TENREIRO: Let me strike that and
12:58:41 13 rephrase it.

12:58:41 14 BY MR. TENREIRO:

12:58:41 15 Q. In the private placement process, did
12:58:44 16 Telegram compile -- I'm sorry, compile a list of how
12:58:50 17 many of the investors that signed up had acted as
12:58:53 18 validators with respect to other blockchains?

12:59:03 19 A. I don't believe our employees compiled
12:59:06 20 such a list during the private placement process.

12:59:13 21 Q. Did they do so at any time?

12:59:22 22 A. I'm not certain but it would be logical
12:59:32 23 to assume that as the planned date of the launch of
12:59:42 24 the TON Blockchain was approaching, our employees
12:59:55 25 could at least have a certain list of investors in

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13:00:20 1 their mind who would be -- who had expressed interest
13:00:26 2 in validation.

13:00:36 3 I am not aware of any written list because
13:00:41 4 my understanding is a big part of such discussions
13:00:49 5 took place over the phone or in person, but as
13:01:01 6 we discussed yesterday, based on the interest for
13:01:14 7 validation expressed by a number of Stage A
13:01:27 8 purchasers, we didn't expect any difficulty with
13:01:51 9 regards to a potential lack of the necessary number of
13:02:08 10 validators at launch.

13:02:13 11 Q. So my question, though, was whether
13:02:17 12 Telegram made a list of which of its investors had
13:02:21 13 acted as validators with respect to their blockchains.
13:02:24 14 I think you said, "I don't think we made such a list
13:02:28 15 during the private placement."

13:02:29 16 And my question was, did you make such
13:02:32 17 a list at any other time? That's all.

13:02:40 18 A. I don't think we made this list at any
13:02:43 19 other time but I'm not certain. To clarify, you mean
13:02:50 20 investors that expressed interest in validating TON
13:02:57 21 specifically or other blockchain?

13:02:59 22 Q. I'm asking about, there's the universe of
13:03:02 23 Telegram's private placement investors, all of them,
13:03:05 24 and -- I am going to get to the interest in TON in
13:03:08 25 a second.

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13:03:08 1 A. Ah, okay.

13:03:08 2 Q. Right now I'm just asking which of
13:03:11 3 those -- does Telegram know which of those investors
13:03:13 4 have ever acted as validators with respect to other
13:03:17 5 blockchains? That's my question.

13:03:20 6 MR. DRYLEWSKI: Objection --
13:03:20 7 BY MR. TENREIRO:

13:03:21 8 Q. And really I'm asking for a percentage.
13:03:23 9 I mean, does Telegram know the proportion of them?

13:03:25 10 MR. DRYLEWSKI: Objection; scope.

13:03:36 11 THE WITNESS: I'm sorry, I'd like to
13:03:38 12 clarify that. If your previous questions were only --
13:03:44 13 also related to experience of the purchasers
13:03:54 14 in relation to other blockchain network, I may have
13:04:01 15 misunderstood the question and answered a different
13:04:04 16 question.

13:04:26 17 We didn't put together a separate list of
13:04:33 18 the purchasers who we would assume have experience in
13:04:44 19 validating other networks, although it was obvious
13:04:59 20 that certain investors who had experience in --
13:05:17 21 who had previous experience in investing into
13:05:24 22 blockchain projects, such as, for example, Micky Malka
13:05:27 23 that we have discussed earlier, might, with a high
13:05:39 24 degree of probability, have experience in these
13:05:45 25 processes of validation or at least were closely

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13:05:59 1 affiliated with parties that had experience in such
13:06:11 2 processes.

13:06:18 3 However, if you want a yes or no answer,
13:06:20 4 we did not put together such a list.

13:06:23 5 BY MR. TENREIRO:

13:06:23 6 Q. Thank you. As part of the KYC process,
13:06:30 7 Telegram collected information -- did Telegram collect
13:06:32 8 information, for example, to the extent that the
13:06:34 9 investor was like a fund, collect information about
13:06:38 10 fund-formation documents?

13:06:45 11 MR. DRYLEWSKI: Objection; form, scope.

13:07:04 12 THE WITNESS: I believe that this is one
13:07:05 13 of the types of documents that could have been
13:07:10 14 included in certain cases.

13:07:13 15 BY MR. TENREIRO:

13:07:13 16 Q. And did Telegram have any sort of policy
13:07:17 17 or directive to the people reviewing KYC documents
13:07:21 18 to be on the look-out for whether funds-formation
13:07:27 19 documents permitted it to engage in validation
13:07:33 20 activities or whether the fund-formation documents in
13:07:33 21 any way might affect the ability of a fund to engage
13:07:33 22 in such activities?

13:07:43 23 (Reporter clarification.)

13:07:43 24 MR. DRYLEWSKI: If you wouldn't mind
13:07:44 25 starting over.

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13:29:55 1 validator elections. This ...

13:30:02 2 BY MR. TENREIRO:

13:30:02 3 Q. Oh, but not the test. I mean for the
13:30:05 4 actual blockchain you'll need 100,000?

13:30:16 5 A. Well, this threshold may be different,
13:30:23 6 the actual blockchain, but we don't expect it to be
13:30:39 7 significantly different from the setting currently
13:30:45 8 used in the testnet.

13:30:47 9 Q. Okay. So 5 billion Grams and 10 percent
13:30:54 10 restriction and 100,000, that means there could be,
13:30:58 11 at most, 5,000 validators, right?

13:31:00 12 MR. DRYLEWSKI: Objection; scope.

13:31:19 13 THE WITNESS: As I just mentioned,
13:31:21 14 the 10 percent and 100,000 Grams limitation are
13:31:29 15 configuration parameters that validators decide on
13:31:35 16 by majority in their vote, and so it is difficult to
13:31:43 17 predict how many validators can work at the same time
13:31:57 18 in TON post-launch since those parameters are likely
13:32:08 19 to be changing -- changing.

13:32:17 20 BY MR. TENREIRO:

13:32:17 21 Q. Does that conclude your answer?

13:32:18 22 A. Yes.

13:32:20 23 Q. Okay.

13:32:21 24 (Exhibit 72 marked for identification.)

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16:21:16 1 And then at 7:41 a.m., John Hyman forwards or copies
16:21:21 2 a message by someone elsewhere where it says:

16:21:25 3 "Lots of people running around today
16:21:26 4 looking for allocations - looks like you denied all of
16:21:31 5 [New York] and some others on a KYC basis. All of
16:21:34 6 that demand flowing in to the secondary market. Some
16:21:37 7 willing to pay up to \$1."

16:21:42 8 Next message:

16:21:44 9 "Update on grey market."

16:21:46 10 Do you see that, that I just read?

16:21:46 11 A. Yes.

16:21:46 12 Q. Mr. Durov, do you know why Mr. Hyman was
16:21:50 13 updating the TON Presale group on the gray market?

16:22:02 14 A. My understanding is that Mr. Hyman was not
16:22:09 15 happy with potential activities in the gray market for
16:22:20 16 a variety of reasons, and he was alerting the team
16:22:36 17 to recent rumors from the market in order for us to be
16:22:46 18 able to assess those rumors, and, if there is any
16:22:59 19 actionable pieces of information, act on it.

16:23:10 20 Q. Have you heard of an entity called Gram
16:23:15 21 Asia?

16:23:17 22 A. I --

16:23:17 23 MR. DRYLEWSKI: Are you asking him
16:23:18 24 personally?

16:23:19 25 MR. TENREIRO: No, does Telegram know of

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16:23:21 1 an entity called Gram Asia.

16:23:32 2 THE WITNESS: I don't think we have
16:23:36 3 Gram Asia as a party in any of the agreements we may
16:23:43 4 have entered into.

16:23:47 5 BY MR. TENREIRO:

16:23:48 6 Q. So the question was if you know them?

16:23:50 7 A. Well, in my personal capacity, I heard
16:23:59 8 about Gram Asia from press reports somewhere in the
16:24:10 9 last couple of years.

16:24:11 10 Q. About what? What about Gram Asia did you
16:24:14 11 hear about?

16:24:20 12 A. There were certain confusing press reports
16:24:31 13 claiming that some cryptocurrency exchange in Japan
16:24:34 14 started to sell Grams, and we were worried that this
16:24:50 15 was an attempt to scam consumers into believing
16:24:57 16 they're buying real Grams. I believe Gram Asia was
16:25:04 17 mentioned in connection to this alleged Gram sale.

16:25:20 18 Q. And is that cryptocurrency trading
16:25:27 19 platform called Liquid?

16:25:29 20 A. Yes, I believe so.

16:25:32 21 (Reporter clarification.)

16:25:35 22 BY MR. TENREIRO:

16:25:36 23 Q. You know what The Shard in London is,
16:25:40 24 right?

16:25:40 25 A. Shard, yes.

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16:25:42 1 Q. Sometimes you and your team had meetings
16:25:44 2 there or near there with respect to TON or Grams?

16:25:48 3 MR. DRYLEWSKI: I'm sorry, what was the
16:25:49 4 name?

16:25:50 5 MR. TENREIRO: The Shard, the building.

16:25:54 6 MR. DRYLEWSKI: Yes.

16:25:54 7 THE WITNESS: Yeah. Yes, I believe we
16:25:56 8 used facilities in The Shard for some meetings.

16:26:03 9 BY MR. TENREIRO:

16:26:04 10 Q. Do you know who Mike Kaymaori is?

16:26:19 11 A. I'm not sure I'm acquainted to this person
16:26:23 12 but for the last couple of years I met a lot of --
16:26:27 13 I was introduced to a lot of people, but from the top
16:26:29 14 of my head, I don't recognize that name.

16:26:32 15 Q. What about Katsuno Konno, K-o-n-n-o?

16:26:51 16 A. Again, I'm afraid my memory for Asian
16:26:55 17 names is not really good.

16:27:11 18 Q. Did Telegram, meaning through its
16:27:14 19 representatives, meet with representatives from Liquid
16:27:18 20 in London in October of 2018?

16:28:02 21 A. I'm not certain. We did have some
16:28:06 22 investor-related meetings at that period of time.
16:28:21 23 Some of the investors wanted to be helpful and may
16:28:26 24 have introduced us to other parties during such
16:28:32 25 meetings. I think there was at least one meeting

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16:28:50 1 in London I can remember that I was a participant of
16:29:02 2 where we would meet with some Asian investors or
16:29:22 3 entrepreneurs.

16:29:27 4 Q. And you don't remember a meeting between
16:29:31 5 Telegram and Katsuno Konno specifically is what you're
16:29:34 6 saying?

16:29:35 7 MR. DRYLEWSKI: Objection; form.

16:29:37 8 THE WITNESS: I mean, unfortunately
16:29:39 9 I don't recognize that name. I may have been briefly
16:29:45 10 introduced to somebody by that name, but given the
16:29:50 11 fact that I don't recognize it, it must be a single
16:29:58 12 instance when I --

16:29:59 13 MR. DRYLEWSKI: Was the question when he
16:30:00 14 personally ever met --

16:30:01 15 MR. TENREIRO: Yeah, he. Oh, no, no,
16:30:02 16 I'm sorry, I was asking about the company.

16:30:05 17 MR. DRYLEWSKI: So anyone from Telegram?

16:30:06 18 MR. TENREIRO: I mean Telegram through its
16:30:08 19 agents is what I was talking about.

16:30:09 20 MR. DRYLEWSKI: Okay.

16:30:11 21 BY MR. TENREIRO:

16:30:12 22 Q. So did Telegram meet with any
16:30:18 23 representative of Liquid about their sale of Grams?

16:30:23 24 MR. DRYLEWSKI: Objection; scope.

16:30:27 25 THE WITNESS: Could you repeat your

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16:30:28 1 question?

16:30:29 2 BY MR. TENREIRO:

16:30:30 3 Q. Did Telegram meet with any representative
16:30:32 4 from Liquid with respect to their sale of Grams?

16:30:35 5 A. No --

16:30:35 6 MR. DRYLEWSKI: Same objection.

16:30:37 7 THE WITNESS: -- definitely no. Not only
16:30:50 8 it hasn't been discussed in any meeting that I was
16:30:53 9 present at, I highly doubt that any of my colleagues
16:30:56 10 would support any such discussion due to the clear
16:31:10 11 understanding that Grams cannot be resold pre-launch,
16:31:27 12 and if any discussion took place related to the sale
16:31:31 13 of Grams, if any, it must, in that case, have been
16:31:47 14 related to other matters, such as, for example,
16:32:04 15 regulatory status of Grams post-launch in certain
16:32:09 16 jurisdictions or potential listing of Grams on certain
16:32:17 17 exchanges post-launch.

16:32:27 18 I'm not aware of any meeting where
16:32:39 19 anything involving the potential resale of Grams
16:32:48 20 pre-launch took place as something that we would
16:32:59 21 approve of.

16:33:01 22 BY MR. TENREIRO:

16:33:02 23 Q. What was Telegram's reaction to learning
16:33:04 24 about what was potentially happening with Gram Asia
16:33:10 25 and Liquid?

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17:03:07 1 MR. DRYLEWSKI: Understood.

17:03:08 2 MR. TENREIRO: -- and I'm really just
17:03:09 3 showing it to him for context.

17:03:10 4 MR. DRYLEWSKI: Okay.

17:03:11 5 BY MR. TENREIRO:

17:03:12 6 Q. Really, the question is, did Telegram have
17:03:16 7 any sort of policy or practice about whether it would
17:03:19 8 provide financial information, you know,
17:03:23 9 or financials, to potential and actual investors in
17:03:25 10 the private placement? That's all.

17:03:37 11 A. Our general policy with regards to
17:03:39 12 disclosing financial and other information to the
17:03:53 13 purchasers was that we wanted each purchaser to have
17:04:29 14 a similar level of knowledge in relation to the status
17:04:37 15 of the project and in relation to Telegram.

17:04:56 16 We didn't want, as a matter of policy,
17:04:59 17 to have one or a few specific investors have more
17:05:13 18 information, or significantly more information from us
17:05:19 19 than all the other purchasers. This, I believe, was
17:05:30 20 one of our guidelines.

17:05:34 21 Q. So what about just providing all the
17:05:36 22 investors the financials; why was that not Telegram's
17:05:44 23 policy?

17:05:54 24 A. Due to the fact that such reports were not
17:06:13 25 included as obligatory in the purchase agreements and

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17:06:23 1 could create, at the same time, additional burden in
17:06:32 2 our small team, and also due to the, as we perceived
17:06:41 3 it, low relevance of such financial statements, we,
17:07:02 4 as a general matter, did not send regular updates to
17:07:11 5 the purchasers disclosing the financial details of the
17:07:32 6 company, focusing instead on the updates related to
17:07:43 7 the development status of the TON Blockchain which
17:07:49 8 we considered to be much more relevant for investors
17:08:03 9 as it could affect the timelines and development
17:08:10 10 roadmaps that, in turn, could be important for
17:08:26 11 purchasers to be able to plan their activities.

17:08:47 12 However, I believe that in October last
17:08:50 13 year we disclosed certain financial information to the
17:08:58 14 purchasers as well as our planned costs for the next
17:09:18 15 several months.

17:09:19 16 Q. After the launch of the TON Blockchain ...

17:09:23 17 MR. TENREIRO: Actually, before I forget,
17:09:26 18 we want some sort of representation or request on
17:09:29 19 Exhibit 77, the jurisdiction and the basis for the
17:09:31 20 redaction, the one about the IEO. We have already
17:09:38 21 requested an unredacted version and we got it back
17:09:40 22 just the same.

17:09:42 23 MS. CHARMANI: Okay.

17:09:45 24 MR. TENREIRO: If I'm wrong, let me know.
17:09:49 25 Okay, sorry. Let me go back to the

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17:09:51 1 question which was -- we can set all those exhibits
17:09:54 2 aside if you don't mind.

17:09:55 3 MR. DRYLEWSKI: Just so I can respond on
17:09:57 4 the record --

17:09:57 5 MR. TENREIRO: Yeah, go ahead.

17:09:58 6 MR. DRYLEWSKI: -- we will take your
17:09:59 7 request under consideration and, as we have with all
17:10:02 8 such requests, consider them and are happy to meet and
17:10:05 9 confer with you on them.

17:10:06 10 MR. TENREIRO: Okay.

17:10:09 11 BY MR. TENREIRO:

17:10:09 12 Q. What about any policy that Telegram might
17:10:14 13 have had with respect to disclosure of user growth or
17:10:22 14 user base for Messenger itself, did Telegram have any
17:10:26 15 such policy about what information, if any, it would
17:10:29 16 disclose to private placement purchasers?

17:11:04 17 A. From time to time we posted public
17:11:07 18 announcements related to Telegram growth and features,
17:11:19 19 both on the Telegram official website and in other
17:11:23 20 channels, such as my personal Telegram channel.
17:11:38 21 We did not inform -- we did not inform the purchasers
17:11:53 22 separately on the changes in the popularity of
17:12:11 23 Telegram applications among users; however, it must be
17:12:18 24 noted that to a certain degree this information
17:12:33 25 related to growth and app downloads could be obtained

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17:12:47 1 from other sources publicly available for anybody.

17:12:58 2 Q. And a moment or two ago you mentioned that
17:13:01 3 in October, Telegram disclosed certain financial
17:13:06 4 information. Was that information emailed directly
17:13:10 5 to the private placement purchasers, or how was it
17:13:17 6 disclosed to them?

17:13:21 7 A. Yes, I believe it was part of the update
17:13:24 8 we sent to all of the purchasers by email.

17:13:27 9 Q. And is there is any current plan in place
17:13:33 10 by Telegram in terms of what sort of financial
17:13:37 11 information about itself it might disclose after the
17:13:41 12 launch of the TON Blockchain?

17:14:01 13 A. In our view, Telegram's obligations under
17:14:09 14 the purchase agreement, for the most part, will be met
17:14:32 15 at the time of launch, meaning that after the launch
17:14:36 16 of the TON Blockchain, Telegram will no longer be
17:14:39 17 actively developing TON and, as such, it is not
17:15:08 18 obvious why purchasers who have received Grams in the
17:15:14 19 event of a successful launch of the TON Blockchain
17:15:23 20 would need any information --

17:15:23 21 Q. So -- I'm sorry.

17:15:34 22 A. -- from Telegram Messenger other than the
17:15:41 23 information that will be already available from public
17:15:45 24 sources.

17:15:46 25 Q. Sorry. So my question was not about plans

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17:15:50 1 to provide it to initial purchasers, but, simply,
17:15:53 2 provide it in general just to the public. Are there
17:15:58 3 any plans? Okay.

17:16:14 4 A. I think that throughout its history
17:16:17 5 Telegram has been consistently updating the public on
17:16:26 6 its development, the milestones and user metrics it
17:16:35 7 reached, and its new features and plans. I don't see
17:16:50 8 any reason why we would discontinue this practice
17:16:56 9 after the launch of the TON Blockchain.

17:17:00 10 Q. But what about financial information about
17:17:03 11 Telegram's operations; is there any plan to provide
17:17:09 12 that to the general public after the launch of the
17:17:13 13 TON Blockchain?

17:18:01 14 A. I must say that such plans have not been
17:18:05 15 discussed or I'm not aware of such discussions.
17:18:20 16 Being a private company, it would be unusual for
17:18:37 17 Telegram to start publishing its financial statements
17:18:52 18 and I struggle to grasp the relevance it may have for
17:19:03 19 the general public; however, as everything we do, this
17:19:14 20 aspect may be reassessed in the future if we receive
17:19:41 21 any new information that would be sufficient to change
17:19:52 22 our views on this.

17:20:03 23 MR. TENREIRO: Let's look at Exhibit 79,
17:20:07 24 please.

17:20:08 25 MR. DRYLEWSKI: There's about 20 minutes

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I further certify that I am neither financially interested in the action nor a relative or employee of any attorney or any of the parties.

IN WITNESS WHEREOF, I have this date subscribed my name.

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